

**UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

**MONTESSORI CHILDREN’S HOUSE
AND SCHOOL**

Plaintiff,

v.

**PHILADELPHIA INDEMNITY
INSURANCE COMPANY**

Defendant.

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Civil Action No. 3:21-cv-01984

**DEFENDANT PHILADELPHIA INDEMNITY INSURANCE COMPANY’S
AMENDED ANSWER TO PLAINTIFF’S ORIGINAL PETITION**

TO THE HONORABLE UNITED STATES DISTRICT COURT:

Pursuant to the Federal Rules of Civil Procedure, Defendant Philadelphia Indemnity Insurance Company (“Philadelphia”) files this Amended Answer and respectfully shows the following:

I. DISCOVERY CONTROL PLAN

1. Philadelphia asserts that Paragraph 1 contains no factual allegations and therefore requires no response.

II. PARTIES

2. Philadelphia does not have sufficient information to admit or deny the allegations in Paragraph 2.

3. Philadelphia admits the allegations in Paragraph 3 of Plaintiff’s Original Petition.

III. JURISDICTION

4. Philadelphia admits the allegation in Paragraph 4 of Plaintiff's Original Petition that the 162nd Judicial District Court in Dallas County, Texas had jurisdiction over this lawsuit but asserts that this Court has jurisdiction over this lawsuit under 28 U.S.C. § 1332.

IV. VENUE

5. Philadelphia admits the allegation in Paragraph 5 of Plaintiff's Original Petition that state court venue was properly in Dallas County, but asserts that venue is now proper in this Court because the acts, omissions and events giving rise to the claims herein occurred in the Northern District of Texas.

V. FACTS

6. Paragraph 6 of Plaintiff's Original Petition contains no factual allegations and therefore requires no response.

7. Philadelphia admits it issued policy number PHPK1873507, effective September 10, 2018, through September 10, 2019, but lacks sufficient information to admit or deny the remainder of the allegations in Paragraph 7 in Plaintiff's Original Petition.

8. Philadelphia admits that Plaintiff purchased the policy but denies the remainder of the allegations in Paragraph 8 of Plaintiff's Original Petition.

9. The allegations in Paragraph 9 of Plaintiff's Original Petition are denied.

10. Philadelphia admits that Plaintiff submitted a claim to Philadelphia and that Philadelphia assigned claim number 1285221 to that claim but denies the remainder of the allegations in Paragraph 10 of Plaintiff's Original Petition.

11. Philadelphia denies the allegations in Paragraph 11 of Plaintiff's Original Petition.

12. Philadelphia admits that it conducted an investigation of the claim and issued letters regarding the claim to Plaintiff, including these dated October 10, 2019 and November 19, 2020. Philadelphia denies the remaining allegations in Paragraph 12.

13. Philadelphia denies the allegations in Paragraph 13 of Plaintiff's Original Petition.

14. Philadelphia denies the allegations in Paragraph 14 of Plaintiff's Original Petition.

15. Philadelphia denies the allegations in Paragraph 15 of Plaintiff's Original Petition.

16. Philadelphia denies the allegations in Paragraph 16 of Plaintiff's Original Petition.

17. Philadelphia denies the allegations in Paragraph 17 of Plaintiff's Original Petition.

18. Philadelphia denies the allegations in Paragraph 18 of Plaintiff's Original Petition.

19. Philadelphia denies the allegations in Paragraph 19 of Plaintiff's Original Petition.

20. Philadelphia denies the allegations in Paragraph 20 of Plaintiff's Original Petition.

21. Philadelphia denies the allegations in Paragraph 21 of Plaintiff's Original Petition.

22. Philadelphia denies the allegations in Paragraph 22 of Plaintiff's Original Petition.

23. Philadelphia denies the allegations in Paragraph 23 of Plaintiff's Original Petition.

24. Philadelphia denies the allegations in Paragraph 24 of Plaintiff's Original Petition.

25. Philadelphia denies the allegations in Paragraph 25 of Plaintiff's Original Petition.

26. Philadelphia denies the allegations in Paragraph 26 of Plaintiff's Original Petition.

27. Philadelphia denies the allegations in Paragraph 27 of Plaintiff's Original Petition.

28. Philadelphia denies the allegations in Paragraph 28 of Plaintiff's Original Petition.

29. Philadelphia denies the allegations in Paragraph 29 of Plaintiff's Original Petition.

VI. CAUSES OF ACTION

30. Philadelphia asserts that Paragraph 30 of Plaintiff's Original Petition contains no factual allegations and therefore requires no response.

VII. BREACH OF CONTRACT

31. Philadelphia denies the allegations in Paragraph 31 of Plaintiff's Original Petition.

32. Philadelphia denies the allegations in Paragraph 32 of Plaintiff's Original Petition.

VIII. NONCOMPLIANCE WITH THE TEXAS INSURANCE CODE: UNFAIR SETTLEMENT PRACTICES

33. Philadelphia denies the allegations in Paragraph 33 of Plaintiff's Original Petition.

34. Philadelphia denies the allegations in Paragraph 34 of Plaintiff's Original Petition.

35. Philadelphia denies the allegations in Paragraph 35 of Plaintiff's Original Petition.

36. Philadelphia denies the allegations in Paragraph 36 of Plaintiff's Original Petition.

37. Philadelphia denies the allegations in Paragraph 37 of Plaintiff's Original Petition.

IX. NONCOMPLIANCE WITH THE TEXAS INSURANCE CODE: PROMPT PAYMENT OF CLAIMS

38. Philadelphia denies the allegations in Paragraph 38 of Plaintiff's Original Petition.

39. Philadelphia denies the allegations in Paragraph 39 of Plaintiff's Original Petition.

X. BREACH OF THE DUTY OF GOOD FAITH AND FAIR DEALING

40. Philadelphia denies the allegations in Paragraph 40 of Plaintiff's Original Petition.

41. Philadelphia denies the allegations in Paragraph 41 of Plaintiff's Original Petition.

XI. DTPA VIOLATIONS

42. Philadelphia denies the allegations in Paragraph 42 of Plaintiff's Original Petition, including subparts (A) through (G).

43. Philadelphia denies the allegations in Paragraph 43 of Plaintiff's Original Petition.

XII. KNOWLEDGE

44. Philadelphia denies the allegations in Paragraph 44 of Plaintiff's Original Petition.

XIII. WAIVER AND ESTOPPEL

45. The allegations in Paragraph 45 are denied.

XIV. DAMAGES

46. Philadelphia denies the allegations in Paragraph 46 of Plaintiff's Original Petition.

47. Philadelphia denies the allegations in Paragraph 47 of Plaintiff's Original Petition.

48. Philadelphia denies the allegations in Paragraph 48 of Plaintiff's Original Petition.

49. Philadelphia denies the allegations in Paragraph 49 of Plaintiff's Original Petition.

50. Philadelphia denies the allegations in Paragraph 50 of Plaintiff's Original Petition.

51. Philadelphia denies the allegations in Paragraph 51 of Plaintiff's Original Petition.

52. Philadelphia denies the allegations in Paragraph 52 of Plaintiff's Original Petition.

53. Philadelphia denies the allegations in Paragraph 53 of Plaintiff's Original Petition.

54. Philadelphia denies the allegations in Paragraph 54 of Plaintiff's Original Petition.

55. The allegations in Paragraph 55 of Plaintiff's Original Petition address matters of state court procedure and do not require an answer from Philadelphia. To the extent an answer is required, the allegations in Paragraph 55 are denied.

XV. RULE 194 INITIAL DISCLOSURES

56. Philadelphia asserts that this paragraph requires no answer, as this action has been removed to federal court. Philadelphia denies that the Texas Rules of Civil Procedure apply to this federal court action.

XVI. JURY DEMAND

57. Philadelphia denies that Plaintiff is entitled to the relief sought in Paragraph 57.

XVII. PRAYER

58. Philadelphia asserts that Plaintiff's Prayer contains no factual allegations and therefore requires no response. Further, Philadelphia denies that Plaintiff is entitled to the relief sought or to any relief whatsoever.

XVIII. AFFIRMATIVE DEFENSES

59. Texas Insurance Code Chapter 542A applies to Plaintiff's claims.

60. Plaintiff's claim for attorney fees is limited by Texas Insurance Code Section 542A.007.

61. Plaintiff's claim for Prompt Payment Penalties is limited by Texas Insurance Code Section 542.060(c).

62. Some or all of the damages claimed by Plaintiff do not fall within the scope of coverage provided by the Policy or Policies (hereinafter "Policy") at issue, and/or fall within exclusionary provisions or limitations. In addition, Plaintiff failed to comply with particular provisions in the Policy.

63. Plaintiff failed to satisfy one or more conditions precedent to recovery, which prejudiced Philadelphia; therefore, Philadelphia is excused from performing under the contract.

64. All or some of the property damage/loss at issue was not caused by a covered cause of loss and/or did not occur during the Policy Period(s).

65. All or some of the property damage/loss at issue is excluded under the Policy.

66. Plaintiff failed to prove that its alleged damages are losses covered under the Policy, and it has failed to segregate the portion of its alleged damages that are covered from the portion that is not covered.

67. Additionally, and in the alternative, Philadelphia has fully performed any obligations owed to Plaintiff.

68. Plaintiff's claims under Texas Insurance Code Chapter 541 are groundless, lack a factual basis, and were brought in bad faith and for the purpose of harassment.

69. Plaintiff's damages, if any, must be limited by the amount set forth in the limitations provisions of the Policy.

70. With respect to Plaintiff's claims for damages, any award of enhanced damages under Chapter 541 of the Texas Insurance Code is limited to three times the amount of actual damages.

71. At all times material to this lawsuit, Philadelphia's liability was not "reasonably clear" and there is merely a bona fide dispute as to coverage.

72. Subject to and without waiving any prior objections, answers, or defenses, and without accepting the burden of proof on the matter, Philadelphia asserts that if it is found responsible or liable for any of the damages alleged sustained by Plaintiff, that such damages should be offset and Philadelphia credited for any benefit received by Plaintiff and/or monies paid to Plaintiff, which originated from or were provided by Philadelphia.

73. Philadelphia further pleads as an affirmative defense to Plaintiff's claims that Plaintiff failed to mitigate damages and as such, cannot now hold Philadelphia liable for any losses it sustained due to Plaintiff's own inaction.

74. Philadelphia alleges it is entitled to a credit or offset for all indemnity payments paid to Plaintiff by virtue of any type or form of settlement agreement entered into by and between Plaintiff and any other defendant, settling person, responsible third party or any other

person or entity not a party to this lawsuit. Philadelphia therefore asserts the affirmative defenses of offset, credit, and payment, to the extent applicable.

75. Pleading further and in the alternative, Philadelphia alleges that if Plaintiff's damages, if any, resulted from both covered and non-covered causes of loss, Plaintiff bears the burden of segregating the damages which resulted from covered causes of loss.

76. Pleading further and in the alternative, Philadelphia alleges that discovery in this case may show that Plaintiff failed to mitigate its damages as required by applicable law and Plaintiff's claims and causes of action may therefore be barred in whole or in part.

77. Pleading further, and in the alternative, Philadelphia alleges that the discovery in this case may show that Plaintiff failed to mitigate its damages as required under the terms and provisions of the policy of insurance Philadelphia issued to Plaintiff, and that any damages Plaintiff suffered by such failure to mitigate are therefore barred.

78. Philadelphia asserts the coverage language, exclusions, limitations and definitions in the policy or policies of insurance. Philadelphia would show that it issued a policy or policies of insurance to Plaintiff, and that the Policy or policies contain the following or similar language:

TEXAS CHANGES

* * *

Legal Action Against Us

A. Except as provided in Paragraph b., no one may bring a legal action against us under this Coverage Part unless:

- (1) There has been full compliance with all of the terms of this Coverage Part; and
- (2) The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the

date of the initial breach of our contractual duties as alleged in the action.

* * *

D. Under the Duties In the Event of Loss Or Damage Loss Condition:

a. Paragraph a.(2) is replaced by the following:

- (2) Give us prompt notice of the loss or damage.
Include a description of the property involved....

* * *

COMMERCIAL PROPERTY CONDITIONS

* * *

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:

a. During the policy period shown in the Declarations;

* * *

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

* * *

2. Property Not Covered

Covered Property does not include:

* * *

q. The following property while outside of buildings:

* * *

- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees,

shrubs or plants (other than trees, shrubs or plants which are “stock” or are part of a vegetated roof), all except as provided in the Coverage Extensions.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

* * *

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are “stock” or are a part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

* * *

CAUSES OF LOSS - SPECIAL FORM

A. Covered Causes of Loss

When special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

* * *

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - d. (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

* * *

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a “specified cause of loss” or building glass breakage, we will pay for the loss or damage caused by that “specified cause of loss” or building glass breakage.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

* * *

- c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property on or off the described premises.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

* * *

- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

G. Definitions

* * *

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

* * *

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

ELITE PROPERTY ENHANCEMENT: DAY CARE CENTERS

* * *

V. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows under Coverage Extensions:

* * *

E. Outdoor Property/Debris Removal

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences and netting, outdoor lighting, outdoor pools, court surfaces, radio and television antennas (including satellite dishes), signs, trees, shrubs, plants, and lawns, and playground equipment (greater than 1250 feet from the premises described in the Declarations) including the cost of debris removal, caused by or resulting from any of the following Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion;
- (5) Aircraft or Vehicles;
- (6) Vandalism and Malicious Mischief; or
- (7) Theft.

The most we will pay for loss or damage under this Extension is \$25,000. The most we will pay for any one tree, shrub, plant or acre of lawn, including the cost of debris removal, is \$1,000.

The foregoing provisions limit or exclude coverage for the alleged damage to Plaintiff's property.

79. The identification of specific policy terms herein does not waive any other policy provisions or defenses which may apply. Philadelphia relies on all the terms and the entire contents of the applicable and relevant policies. A true and correct copy of policy number

PHPK1873507, effective September 10, 2018, through September 10, 2019, is attached hereto and incorporated herein by reference as Exhibit “1”.

80. Plaintiff’s claim is subject to the applicable windstorm or hail deductible provisions of the Policy and the 80% coinsurance requirement.

81. Pleading further and in the alternative, Philadelphia would show that Plaintiff’s damages, if any, are capped by the limits of insurance set forth in the Policy of insurance Philadelphia issued to Plaintiff for the property that forms the basis of this action.

82. Pleading further and in the alternative, Philadelphia pleads the applicability of the excessive demand doctrine, which precludes Plaintiff from recovering the fees and expenses of its attorney in this action.

XIX. PHILADELPHIA’S PRAYER

WHEREFORE, Defendant Philadelphia Indemnity Insurance Company prays that Plaintiff take nothing by reason of this suit, that Plaintiff’s claims be dismissed with prejudice, that Philadelphia recover its costs, and that the Court grant Philadelphia such other and further relief, both at law and in equity, as Philadelphia may show itself justly entitled.

Respectfully submitted,

/s/ Aaron L. Mitchell

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**ATTORNEYS FOR DEFENDANT
PHILADELPHIA INDEMNITY
INSURANCE COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that on November 2, 2021, I electronically filed the foregoing with the Clerk of Court using the CM/ECF system, which will electronically send notification to all counsel of record.

/s/ Aaron L. Mitchell

Aaron L. Mitchell

EXHIBIT “1”



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004
610.617.7900 • Fax 610.617.7940 • PHLY.com

09/04/2018

Montessori Children's House
and School
7335 Abrams Rd
Dallas, TX 75231-4703

Tg<'PHPK1873507

Dear Valued Customer:

Thank you very much for choosing Philadelphia Indemnity Insurance Company for your insurance needs. Our first class customer service, national presence and A++ (Superior) A. M. Best financial strength rating have made us the selection by over 550,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHLY and please visit PHLY.com to learn more about our Company!

Sincerely,

Robert D. O'Leary Jr.
President & CEO
Philadelphia Insurance Companies

RDO/sm

WHY MyPHLY?

My**PHLY** provides easy access to a safe, secure, and environmentally friendly way to manage your account 24/7. Visit our website at PHLY.com/MyPHLY to experience the benefits of managing your account.

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View Policy Documents



Edit User Profile



Report and Search Claims



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Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- The Loss Assistance Hotline provides Management & Professional Liability policyholders with two FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online
For example: Payment verifications go to MyPHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address or contact information changes
- We offer live help within seconds: No complicated phone systems
- 94.4% of our policyholders would refer us to prospective customers*
- We provide 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service E-mail: custserv@phly.com
- Customer Service online chat
- PHLY.com – "Contact Us"

When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Check sent to the lock box
- Check by phone payments through our IVR (877.438.7459 – Option 1), website, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard, and American Express)

Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally with Commercial Liability Claims Examiner Niche expertise
- 24/7 claims service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Risk Management Services

- National network of in-house risk management professionals providing direct support to policyholders
- Product specific web-based risk management solutions through PHLY.com
- Interactive Driver Training online courses and examination at no additional charge
- Regular e-flyer communications on relevant risk management issues
- Strategic partnerships with best-in-class vendors for discounted MVR checks, abuse training, GPS, and many more

Automatically included on most accounts

PHLY Bell Endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling. \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement, and \$1,500 Travel Delay Reimbursement.

Honors, Awards, and Ratings

- America's Top 150 Workplaces
- Best Places to Work in Insurance (4th consecutive year)
- Stevie Awards
- ACE Awards
- Top Workplaces in Philadelphia
- Ward's Top 50 (13th consecutive year)
- National Underwriter Top 100 Insurance Groups (Tokio Marine) #29
- National Underwriter Top 100 Insurance Companies #41

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage(s) described may not be available in all states and are subject to Underwriting and certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2014 Philadelphia Consolidated Holding Corp., All Rights Reserved.

*All statistics contained herein were generated via an internal company survey of active policy holders.



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Risk Management Services

PHLY RISK MANAGEMENT SERVICES

Welcome to PHLY Risk Management Services, PHLY is familiar with the unique Risk Management Services programming needs of your organization and has achieved superior results in this area. We are committed to delivering quality and timely loss prevention services and risk control products to your organization. Customer satisfaction through the delivery of these professional products to achieve measurable risk improvement results is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

OUR MISSION: We welcome the opportunity to demonstrate how we can tailor a risk management program suitable to our customer's needs. We are committed to providing our customers with improved communications, quicker implementation of loss control servicing initiatives, and specific benchmarking goals that help us quantify the true value of our services.

OUR MOTTO: "Innovative Services Producing Optimum Results:" This mantra reflects our commitment to utilize innovative products and solutions to help our customers achieve measurable results. Customer satisfaction through the delivery of these quality professional products is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

In order to gain full access to these resources and others, please take a moment to [register](#) on our [website](#). If you already have an id to PHLY.com, please [login](#) to access Risk Management Services resources.

Risk Management Resources

- AbusePrevention Systems/Ministry Safe
- Human Services - Abuse Prevention Training
- Home Health Aides - Abuse Prevention Training
- PHLY Risk Management Services e-training
- PureSafety (online driver training course)
- PureSafety (online safety training & software for incident, injury and illness management)
- Nonprofit Risk Management Center
- IntelliCorp Records, Inc.
- SafetyFirst (fleet monitoring program)
- WEMED Loss Assistance Hotline
- in2vate: Web-enabled EPLI (employment practices liability insurance) Risk Management Services
- Safe-Wise: Youth Services Organizations & Aquatics

Proprietary Risk Management Services

- PHLY Risk Management Services E-flyers
- Large Account Service Capabilities
- Loss Trend Analysis/Risk Management Information System
- Responding to Risk Management Services Recommendations

Outside the Box

- ePIC Risk Management Services (unbundled – for fee)

Contact

- For more information please contact: [Customer Service](#)

800.873.4552

IMPORTANT NOTICE - The information and suggestions presented by Philadelphia Indemnity Insurance Company in this e-brochure is for your consideration in your loss prevention efforts. They are not intended to be complete or definitive in identifying all hazards associated with your business, preventing workplace accidents, or complying with any safety related, or other, laws or regulations. You are encouraged to alter them to fit the specific hazards of your business and to have your legal counsel review all of your plans and company policies.

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PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

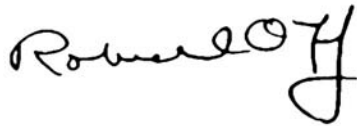
Philadelphia Indemnity Insurance Company

Commercial Lines Policy

THIS POLICY CONSISTS OF:

- DECLARATIONS
 - COMMON POLICY CONDITIONS
 - ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS
-

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.

A handwritten signature in black ink, appearing to read "Rovner" followed by a stylized flourish.

President & CEO

A handwritten signature in black ink, appearing to read "Ed Sar" followed by a long horizontal flourish.

Secretary

1. IMPORTANT NOTICE

To obtain information or make a complaint:

2. You may call PHILADELPHIA INDEMNITY INSURANCE COMPANY's toll-free telephone number for information or to make a complaint at:

1-877-438-7459

3. You may also write to PHILADELPHIA INDEMNITY INSURANCE COMPANY at:

ONE BALA PLAZA, SUITE 100
BALA CYNWYD, PA 19004
FAX #610-617-7940

4. You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

5. You may write the Texas Department of Insurance:

P. O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.state.tx.us

6. PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the (agent) (company) (agent or the company) first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

7. ATTACH THIS NOTICE TO YOUR POLICY: This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de PHILADELPHIA INDEMNITY INSURANCE COMPANY's para informacion o para someter una queja al:

1-877-438-7459

Usted tambien puede escribir a PHILADELPHIA INDEMNITY INSURANCE COMPANY:

ONE BALA PLAZA, SUITE 100
BALA CYNWYD, PA 19004
FAX #610-617-7940

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P. O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el (agente) (la compania) (agente o la compania) primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA: Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

NOTICE REINSTATEMENT FEE

Please be advised that if your policy is cancelled due to non-payment of the premium and we agree to reinstate your policy, you will be charged a reinstatement fee of \$50* (where permitted).

This fee is in addition to any premium owed on the policy.

*\$25 in Delaware, Georgia, New Hampshire and New Mexico; and \$15 in Kansas and Nebraska

PHILADELPHIA INSURANCE COMPANIES PRIVACY POLICY NOTICE

Philadelphia Indemnity Insurance Company

The Philadelphia Insurance Companies value your privacy and we are committed to protecting personal information that we collect during the course of our business relationship with you. The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information that we collect and how it may be used or disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources:

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above to our affiliates and non-affiliated third parties, as permitted by law, and when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker (producer);
- Parties who perform a business, professional or insurance functions for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, attorneys, other insurers or medical care providers who need information to investigate, defend or settle a claim involving you;
- Regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having a legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes. We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

The Philadelphia Insurance Companies maintain physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

Use of Cookies and Opt-Out:

We may place electronic "cookies" in the browser files of your computer when you access our website. Cookies are text files placed on your computer to enable our systems to recognize your browser and so that we may tailor information on our website to your interests. We or our third party service providers or business partners may place cookies on your computer's hard drive to enable us to match personal information that we maintain about you so that we are able to pre-populate on-line forms with your information. We also use cookies to help us analyze traffic on our website to better understand your interests. Although we do not use your non-public personal information for this purpose, you may opt-out of cookies and advertising features through one of the available options including but not limited to Ads Settings in Google.com or the Network Advertising Initiative (NAI) Consumer Opt-out. Opting out does not mean you will no longer receive online advertising. It does mean that companies from which you opted out will no longer customize ads based on your interests and web usage patterns using cookies.

How to Contact Us: Philadelphia Insurance Companies, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004
Attention: Chief Privacy Officer

**PHILADELPHIA**
INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com**Philadelphia Indemnity Insurance Company**
COMMON POLICY DECLARATIONS**Policy Number:** PHPK1873507**Named Insured and Mailing Address:**Montessori Children's House
and School
7335 Abrams Rd
Dallas, TX 75231-4703**Producer:** 110461Haskins Agency
3400 SILVERSTONE DR
Plano, TX 75023**Policy Period From:** 09/10/2018 **To:** 09/10/2019

(469)385-7834

at 12:01 A.M. Standard Time at your mailing
address shown above.**Business Description:** Day CareIN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	3,290.00
Commercial General Liability Coverage Part	1,150.00
Commercial Crime Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	400.00
Businessowners	
Workers Compensation	
Professional Liability	1,682.00
Sexual/Physical Abuse	492.00
Cyber Security Liability End	39.00
Total	\$ 7,053.00
Total Includes Federal Terrorism Risk Insurance Act Coverage	199.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (06/14)

Secretary

President and CEO

Form Schedule – Policy

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
WHY MyPHLY	0000	WHY MyPHLY?
CSNotice-1	1014	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
PI-Notice TX	0817	Important Notice
PI-REINS-NOTICE 1	0318	Notice Reinstatement Fee
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
Location Schedule	0100	Location Schedule
Mortgagee Schedule	0100	Mortgagee Schedule
PI-BELL-1 TX	1109	Bell Endorsement
PI-CME-1 TX	0616	Crisis Management Enhancement Endorsement
IL0017	1198	Common Policy Conditions
IL0021	0908	Nuclear Energy Liability Exclusion Endorsement
IL0168	0312	Texas Changes - Duties
IL0275	1113	Texas Changes - Cancellation And Nonrenewal Provisions
IL0952	0115	Cap On Losses From Certified Acts Of Terrorism
PI-LCN-TX	0812	Texas Policyholder Notice
PI-TER-DN1	0115	Disclosure Notice Of Terrorism Ins Coverage Rejection

Locations Schedule

Policy Number: PHPK1873507

Premis. No.	Bldg. No.	Address
0001	0001	7335 Abrams Rd Dallas, TX 75231-4703

Mortgagee Schedule

Policy Number: PHPK1873507

Mortgagee

Southside Bank
PO Box 1079
Tyler, TX 75710-1079

TX - Loc #1 - Bld #1 - BUILDING (DAY CARE CENTER-FP)

COMMERCIAL PROPERTY
CP P 004 07 06

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsement, which applies to your new or renewal policy being issued by us:

Exclusion Of Loss Due To Virus Or Bacteria Endorsement CP 01 75 07 06

This endorsement makes an explicit statement regarding a risk that is not covered under your Commercial Property insurance. It points out that there is no coverage under such insurance for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. The exclusion in this endorsement applies to all coverages provided by your Commercial Property insurance, including (if any) property damage and business income coverages.

IL N 178 03 13

TEXAS PERIOD TO FILE A CLAIM OR BRING LEGAL ACTION AGAINST US NOTICE – WINDSTORM OR HAIL – CATASTROPHE AREA

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), **the provisions of the policy (including its endorsements) shall prevail.**

Carefully read your policy, including the endorsements attached to your policy.

In accordance with Texas Insurance Code Section 2301.010(f), we are notifying you that:

1. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss or damage that is the subject of the claim, except that a claim may be filed after the first anniversary of the date of the loss or damage for good cause shown by the person filing the claim; and
2. Any legal action brought against us under the policy for loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, must be brought within the earlier of the following:
 - a. Two years and one day from the date we accept or reject the claim; or
 - b. Three years and one day from the date of the loss or damage that is the subject of the claim.

COMMERCIAL PROPERTY COVERAGE PART MULTISTATE REVISION OF FORMS AND ENDORSEMENTS ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes in your Commercial Property insurance. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THIS POLICY SHALL PREVAIL.**

The areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

The material in this notice makes reference to form and endorsement numbers; **however, not all forms and endorsements are included in a particular policy.**

BROADENINGS IN COVERAGE

- **Debris Removal (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The additional Limit of Insurance for debris removal expense is increased from \$10,000 to \$25,000. (That additional limit may apply when basic coverage for debris removal expense is exhausted or inapplicable.)

Further, coverage for debris removal is expanded to include the expense of removing debris of certain property of others. The total expense for all debris removal is subject to the limitations stated in the policy concerning amount of coverage, including the aforementioned additional Limit of Insurance. However, when no Covered Property sustains direct physical loss or damage, coverage for the removal of debris of others' property is limited to \$5,000.

The Outdoor Property Coverage Extension is revised to include debris removal expense for trees, shrubs and plants that are the property of others, except trees, shrubs and plants owned by the landlord of an insured tenant.

Related change: Debris Removal Additional Insurance Endorsement **CP 04 15** makes reference to the policy's aforementioned limit of \$25,000.

- **Extended Business Income, Extended Period Of Indemnity (CP 00 30, CP 00 32)**

The number of days' coverage under the Extended Business Income provision is increased from 30 to 60 days. Accordingly, the Extended Period Of Indemnity option, if applicable, is revised to begin after 60 days.

- **Coverage Radius For Business Personal Property And Personal Property Of Others (CP 00 10, CP 00 18, CP 00 99, CP 17 98)**

These forms are revised to extend coverage for business personal property and personal property of others to such property when located within 100 feet of the building or 100 feet of the described premises, whichever distance is greater.

- **Property In Storage Units (CP 00 10, CP 00 17, CP 00 18, CP 00 99)**

A Coverage Extension for Business Personal Property Temporarily In Portable Storage Units is introduced. Under this Coverage Extension, a 90-day coverage period is provided for business personal property temporarily stored in a portable storage unit located within 100 feet of the described premises, subject to a sub-limit of \$10,000 regardless of the number of storage units.

- **Entrusted Property (CP 10 30)**

In the Causes Of Loss – Special Form **CP 10 30**, the exclusion of dishonest or criminal acts is revised to distinguish between those who have a role in the insured's business (partners, managers, employees, etc.) and others to whom property may be entrusted (a category that includes tenants and bailees, for example). With respect to the latter category, the exclusion is narrowed to apply only to theft. Further, the exception to the exclusion (which enables coverage for acts of destruction) is revised to extend applicability to authorized representatives.

- **Vegetated Roofs (CP 00 10, CP 00 17, CP 00 20, CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30, CP 11 99)**

Property Not Covered is revised to make an exception for lawns, trees, shrubs and plants which are part of a vegetated roof, thereby treating such property as an insured part of the building, so that an existing vegetative roof can be replaced with like kind in the event of a loss, subject to policy terms and certain limitations. Accordingly, lawns, trees, shrubs and plants which are part of a vegetated roof are no longer covered under the more limited Outdoor Property Coverage Extension.

- **Electronic Data In Building Equipment (CP 00 10, CP 00 17, CP 00 18, CP 00 30, CP 00 32, CP 00 40, CP 00 50, CP 00 70, CP 00 99)**

The property damage and related Coverage Forms (**CP 00 10, CP 00 17, CP 00 18, CP 00 40, CP 00 70, CP 00 99**) are revised to remove the \$2,500 limitation on electronic data with respect to loss or damage to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system. Coverage for such electronic data will be considered part of the coverage on the building. Further, under property damage forms, the \$2,500 limitation will no longer apply to stock of prepackaged software. Coverage for prepackaged software will be subject to the Limit of Insurance otherwise applicable to such personal property.

The business interruption Coverage Forms (**CP 00 30, CP 00 32, CP 00 50**) are revised so that the \$2,500 limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system. A business interruption caused by loss or damage to such electronic data will be subject to the coverage otherwise applicable to a covered business interruption.

- **Specified Causes Of Loss – Water Damage (CP 10 30)**

Coverage for water damage under the definition of "specified causes of loss" is expanded to include accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of certain off-premises systems due to wear and tear.

- **Increase In Rebuilding Expenses Following Disaster (Additional Expense Coverage On Annual Aggregate Basis) Endorsement CP 04 09**

This new endorsement provides limited coverage for the situation in which the cost of repair/replacement of property exceeds the Limit of Insurance due to increases in the cost of labor and/or materials following a disaster.

- **Dependent Properties – Business Interruption (CP 15 01, CP 15 02, CP 15 08, CP 15 09, CP 15 34)**

Under the following revised endorsements, secondary contributing locations and secondary recipient locations are covered if so indicated in the Schedule of the endorsement. Such locations are defined in the endorsement.

- **CP 15 01** – Business Income From Dependent Properties – Limited International Coverage
- **CP 15 02** – Extra Expense From Dependent Properties – Limited International Coverage
- **CP 15 08** – Business Income From Dependent Properties – Broad Form
- **CP 15 09** – Business Income From Dependent Properties – Limited Form
- **CP 15 34** – Extra Expense From Dependent Properties

- **Flood Coverage Endorsement CP 10 65**

Under the Flood Coverage Endorsement, there is no coverage for loss resulting from a flood which begins before or within 72 hours after the inception date of the endorsement. This endorsement is revised to provide that the aforementioned 72-hour waiting period will not apply when the prior policy included flood coverage and the policy periods are consecutive without a break in coverage. Further, the similar 72-hour waiting period for an increase in the Limit of Insurance will not apply to an increase executed at the time of renewal.

Also, this endorsement is revised to add drains and sumps to the provision which covers back-up and overflow from a sewer when such discharge occurs within 72 hours after a flood recedes.

- **Discharge From Sewer, Drain Or Sump (Not Flood-related) Endorsement CP 10 38**

This new endorsement covers discharge of water or waterborne material from a sewer, drain or sump located on the described premises.

- **Theft Of Building Materials And Supplies (Other Than Builders Risk) Endorsement CP 10 44**

This new endorsement extends coverage to encompass theft of building materials and supplies that are located on or within 100 feet of the premises when such property is intended to become a permanent part of the building or structure.

- **Condominium Commercial Unit-owners Optional Coverages Endorsement CP 04 18**

This endorsement is revised to provide the means for selecting a limitation (sub-limit) over \$1,000 for assessments that result from a deductible in the insurance purchased by the condominium association. Coverage is broadened if a sub-limit over \$1,000 is entered in the Schedule of the endorsement.

- **Utility Services – Time Element Endorsement CP 15 45**

This endorsement is revised to provide the means to select a new category of utility service: wastewater removal property. With respect to the coverage provided under this endorsement, wastewater removal property is a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water.

- **Food Contamination (Business Interruption And Extra Expense) Endorsement CP 15 05**

This new endorsement covers certain extra expenses and business income losses arising out of food contamination. Separate limits apply to advertising expense and all other coverages under the endorsement. These limits apply on an annual aggregate basis.

- **Specified Property Away From Premises Endorsement CP 04 04**

This new endorsement provides coverage for business personal property temporarily away from the described premises in the course of daily business activities, while in the care, custody or control of the insured or an employee of the insured.

- **Equipment Breakdown Cause Of Loss Endorsement CP 10 46**

This new endorsement may be combined with the Special Form to add equipment breakdown as a Covered Cause of Loss.

- **Outdoor Signs**

In Form **CP 00 20**, the Limit of Insurance for signs attached to the building is increased from \$1,000 per sign to \$2,500 per sign in any one occurrence.

In Forms **CP 00 10**, **CP 00 17**, **CP 00 18** and **CP 00 99**, the Limit of Insurance for attached outdoor signs is increased from \$1,000 to \$2,500 per sign in any one occurrence. The Limit of Insurance for detached outdoor signs is increased from \$1,000 per-occurrence (in total) to \$2,500 per sign in any one occurrence. Further, coverage for detached outdoor signs is broadened to include all causes of loss otherwise covered under the applicable Causes of Loss form.

- **Fire Department Service Charge (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The Fire Department Service Charge Additional Coverage is revised to enable purchase of a higher limit of coverage. This is a new coverage option which broadens a policy to which it applies.

- **Party Walls (CP 00 10, CP 00 17, CP 00 20, CP 00 99)**

Potential broadening of coverage: As revised, the above captioned forms identify the exposure (party walls) and convey loss adjusting procedures for it. Under this insurance, loss payment relating to a party wall reflects the insured's partial interest in that wall. However, if the owner of the adjoining building elects not to repair or replace that building (and the building insured under this insurance is being repaired or replaced), this insurance will pay the full value of the party wall subject to all other applicable policy provisions.

- **Civil Authority Additional Coverage (CP 00 30, CP 00 32, CP 00 50)**

The basic coverage period for the Civil Authority Additional Coverage is increased from three weeks to four weeks.

If Endorsement **CP 15 32** was and is used to increase the coverage period, there may be no actual change in the coverage period under a particular policy.

- **Utility Services Exclusion (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

With respect to time element coverage, there is a broadening of coverage, in that on-premises failure is limited to situations where the failure involves equipment used to supply utility service from an off-premises source.

- **Discretionary Payroll Expense Endorsement CP 15 04**

This endorsement enables covering the payroll expense of particular job classifications or employees regardless of whether such expense is necessary to resume operations. Such coverage may be provided for the entire period of restoration or limited to a specified maximum number of days.

REDUCTION OR POTENTIAL REDUCTION OF COVERAGE

- **Newly Acquired Property (CP 00 10, CP 00 17, CP 00 18, CP 00 99, CP 17 98)**

Under the Newly Acquired Property Extension, the provision which extends an additional Limit of Insurance to newly acquired business personal property at the described premises is removed. There is no change to the coverage for newly acquired business personal property at newly acquired locations or at newly constructed or acquired buildings at the described location.

- **Deductibles By Location Endorsement CP 03 29**

This new endorsement provides for selected deductibles to apply at each designated building or designated location that has sustained loss or damage. Thus, under this endorsement, multiple deductibles would apply in the event of an occurrence that affects multiple buildings or locations. Under the prior policy, the applicable deductible applied once per occurrence regardless of the number of buildings or locations involved in the loss occurrence (except with respect to special deductibles such as wind or earthquake percentage deductibles, if any).

- **Limitations On Coverage For Roof Surfacing Endorsement CP 10 36**

This new endorsement includes provisions for covering roof surfacing at actual cash value on a building otherwise subject to replacement cost valuation, and for excluding cosmetic damage by wind to roof surfacing. One or both of these limitations may be indicated on the Schedule of the endorsement.

- **Civil Authority Additional Coverage (CP 00 30, CP 00 32, CP 00 50)**

The use of a radius of one mile to circumscribe Civil Authority Coverage is, from a technical (though not historical) perspective, a reduction in coverage – that is, narrowing of the circumstances under which this coverage may apply. Optional Endorsement **CP 15 32** may be used to modify the radius.

- **Utility Services Exclusion (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

This exclusion newly applies to utility failure that originates at the described premises, when such failure involves equipment used to provide utility service supplied by an off-premises provider. With respect to time element coverage, the aforementioned statement is relevant to the covered building, since the current time element exclusion already includes failure originating on the described premises outside a covered building.

- **Limitation On Loss Settlement – Blanket Insurance (Margin Clause) Endorsement CP 12 32**

Under this endorsement, loss payment on an individual property under the blanket is limited to its stated value plus a percentage of that value as shown in the Schedule. The margin does not increase the blanket Limit of Insurance. In the event of partial loss, this endorsement may reduce the amount of loss payment in comparison to a blanket policy without a margin clause.

OTHER CHANGES

- **Earth Movement (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The Earth Movement Exclusion now makes explicit reference to earth movement caused by an act of nature or otherwise caused. In addition, the term earthquake now incorporates tremors and aftershocks.

With respect to coverage for Volcanic Action (which is a limited exception to the exclusion of volcanic eruption), all such eruptions that occur within any 168-hour period constitute a single occurrence.

- **Fire Department Service Charge (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 80, CP 00 99)**

The Fire Department Service Charge Coverage is revised to specify that the amount of such coverage (\$1,000 or a designated higher limit) applies to each premises described in the Declarations. Further, the language of the coverage provision is revised to make it explicit that the designated limit applies regardless of the number of responders or the number or type of services performed.

- **Business Personal Property And Personal Property Of Others In Described Structures (CP 00 10, CP 00 17, CP 00 18, CP 00 99, CP 17 98, CP 17 99)**

The coverage provisions for Your Business Personal Property and Personal Property Of Others are revised to make it explicit that such property is covered when located in the building or structure described in the Declarations.

- **Coverage Radius With Respect To Business Interruption (CP 00 30, CP 00 32, CP 00 50)**

In part, the coverage criteria for business interruption coverage relate to loss or damage to personal property in the open or in a vehicle within a certain distance from the described premises. The language relating to the coverage radius is revised to achieve more similarity between the radius outlined for insureds who are occupants of the entire premises and those who occupy only a part of the premises, and to use terminology similar to that used in property damage forms.

- **Water Exclusion (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The Water Exclusion provided by Endorsement **CP 10 32** is incorporated into the aforementioned forms. As a result, Endorsement **CP 10 32** is no longer added to the policy.

- **Ordinance Or Law Exclusion (CP 00 10, CP 00 17, CP 00 18, CP 00 20, CP 00 30, CP 00 32, CP 00 50, CP 00 70, CP 00 80, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

The language of the Ordinance Or Law Exclusion, which relates to enforcement of an ordinance or law, is revised to also refer to compliance with an ordinance or law.

Similar references are revised in the policy's Increased Cost Of Construction (ICC) Additional Coverage, Loss Payment and Valuation Conditions, and Replacement Cost Optional Coverage, and in the Period of Restoration definition in the business interruption forms. Further, the ICC coverage grant is revised to explicitly refer to compliance with the minimum standards of an ordinance or law.

- **Risk Of Loss (CP 00 70, CP 10 30)**

The term "risk of" is removed from the provisions related to insured perils in the Mortgageholders Errors And Omissions Coverage Form **CP 00 70** and the Causes Of Loss – Special Form **CP 10 30**.

- **Miscellaneous Changes**

Editorial changes were made to various forms. The revisions are summarized below:

- Condominium Association Coverage Form **CP 00 17** is revised to include a definition of "stock", which is "merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping".
- Standard Property Policy **CP 00 99** is revised to replace the term "Coverage" with the term "policy" in the Concealment, Misrepresentation Or Fraud Additional Condition.
- Causes Of Loss – Basic Form **CP 10 10** and Causes Of Loss – Broad Form **CP 10 20** are revised to specify that words and phrases which appear in quotation marks have special meaning and to refer to the Definitions section.

- **Business Income Report/Worksheet CP 15 15**

This endorsement is revised to recognize that the revised policy now provides 60 days of Extended Business Income Coverage.

- **Outdoor Trees, Shrubs And Plants Endorsement CP 14 30**

This endorsement is revised to specify that the applicable Limit of Insurance for loss or damage to outdoor trees, shrubs and plants includes debris removal expense. Accordingly, the endorsement states that the Outdoor Property Coverage Extension and Debris Removal Additional Coverage do not apply to property covered under **CP 14 30**; such provision avoids duplication of coverage.

- **Flood Coverage Schedule CP DS 65**

The Flood Coverage Schedule is revised so that the Underlying Insurance Waiver can be made applicable by location. The Underlying Insurance Waiver is a provision in Flood Coverage Endorsement **CP 10 65**; the waiver applies to a location only if so indicated in the Flood Coverage Schedule.

- **Exclusion Of Loss Due To By-products Of Production Or Processing Operations (Rental Properties) Endorsement CP 10 34**

This new endorsement, which applies to policies issued to owners and tenants of rental premises, reinforces that property damage and business interruption coverages do not apply to loss or damage to the described premises caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental units identified in the Schedule of the endorsement. But loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation is not excluded.

- **Radio Or Television Antennas – Business Income Or Extra Expense Endorsement CP 15 50**

In the list of forms to which **CP 15 50** applies, reference to the Earthquake Form is removed. Since earthquake coverage is now provided by endorsing the Causes Of Loss Form (Basic, Broad or Special), it is no longer necessary for **CP 15 50** to include reference to the Earthquake Form.

- **Utility Services – Overhead Transmission Lines (CP 04 17, CP 15 45)**

Endorsements **CP 04 17** Utility Services – Direct Damage and **CP 15 45** Utility Services – Time Element are revised to make it explicit that transmission lines include all lines which serve in the transmission of power or communication service, including lines which may be identified as distribution lines.

- **Ordinance Or Law Coverage (CP 04 05, CP 04 38, CP 15 25, CP 15 31)**

The coverage grant of Endorsement **CP 04 05** Ordinance Or Law Coverage is revised to remove reference to enforcement of an ordinance or law, in favor of referring to a requirement to comply with an ordinance or law. The same revision is made to Endorsement **CP 04 38** Functional Building Valuation, which incorporates ordinance or law coverage. In addition, references are added to compliance with an ordinance or law in Endorsements **CP 15 25** Business Income Changes – Educational Institutions (in the Period of Restoration definition) and **CP 15 31** Ordinance Or Law – Increased Period Of Restoration.

- **Higher Limits Endorsement CP 04 08**

This new endorsement increases certain specified dollar limitations.

- **Building Glass – Tenant's Policy Endorsement CP 14 70**

This endorsement is revised to add a line item for a deductible in the Schedule of the endorsement. A deductible will apply to building glass coverage only if a deductible amount is entered in the Schedule.

- **Theft Exclusion Endorsement CP 10 33**

This endorsement is revised to include a Schedule to facilitate display of the location(s) to which the exclusion applies.

- **Dependent Properties – Business Interruption (CP 15 01, CP 15 02, CP 15 08, CP 15 09, CP 15 34)**

The definition of dependent property excludes various utility providers; the list of utilities is updated to make reference to wastewater removal services. With respect to business interruption coverage, loss caused by interruption in utility service is addressed in Endorsement **CP 15 45**. Refer to the item titled Utility Services – Time Element Endorsement **CP 15 45**.

- **Payroll Limitation Or Exclusion Endorsement CP 15 10**

This endorsement is revised to provide the means to limit or exclude coverage for the payroll expense of any category of employee or individual employee. Since applicability of the endorsement will no longer be restricted to nonmanagerial employees, the term "ordinary payroll expense" and its definition are removed from the endorsement. In addition, the title of the endorsement is revised to remove the word "Ordinary".

- **Earthquake Sprinkler Leakage Deductible**

CP 10 40 Earthquake And Volcanic Eruption Endorsement and **CP 10 45** Earthquake And Volcanic Eruption Endorsement (Sub-Limit Form) are revised to specify that the Earthquake percentage deductible does not apply when Earthquake Coverage is limited only to Earthquake Sprinkler Leakage (EQSL) Coverage. Instead, the deductible for Fire Coverage applies to EQSL Coverage.

- **Protective Safeguards**

Endorsement **CP 04 11** Protective Safeguards replaces **IL 04 15** Protective Safeguards. The new endorsement contains the same provisions as **IL 04 15** and adds a symbol and description to recognize hood-and-duct fire extinguishing systems.

- **Builders Risk – Theft Of Building Materials, Fixtures, Machinery, Equipment Endorsement CP 11 21**

The exclusion of dishonest or criminal acts is revised to add reference to members, officers, managers, temporary employees and leased workers.
- **Increased Cost Of Loss And Related Expenses For Green Upgrades Endorsement CP 04 02**

The Schedule of this endorsement is revised to facilitate identification of personal property (when not all personal property is to be covered for Green Upgrades) and to facilitate the entry of different percentage selections for the building and personal property.

Subparagraphs **A.1.a.** and **A.1.b.** are revised to simplify the calculation described therein, with no change in the outcome. Subparagraph **A.1.d.** is added to explicitly address the situation in which the property loss is less than the deductible.

The provisions of former Paragraph **A.9.**, concerning vegetated roofs, are incorporated into the underlying policy forms, as discussed in the item titled Vegetated Roofs.
- **Windstorm Or Hail Percentage Deductible Endorsement CP 03 21**

Paragraph **D.1.** of this endorsement is editorially revised.
- **Additional Coverages – Various**

In Forms **CP 00 10** and **CP 00 17**, revisions are made to reinforce that the amount of coverage for Electronic Data and Increased Cost of Construction Additional Coverages applies in addition to the Limits of Insurance for any other coverages under these forms.

In Forms **CP 00 18** and **CP 00 99**, revisions are made to reinforce that the amount of coverage for Electronic Data applies in addition to the Limits of Insurance for any other coverages under these forms.

Forms **CP 00 40** and **CP 00 70** have been revised to make it more explicit that the amount of coverage under the Supplementary Payments Additional Coverage applies in addition to the Limit of Insurance under these forms.
- **Interruption In Computer Operations Additional Coverage (CP 00 30, CP 00 32, CP 00 50)**

Revisions are made to reinforce that the amount of coverage for the Interruption In Computer Operations Additional Coverage applies in addition to the Limits of Insurance for any other coverages under these forms.
- **Product Errors (CP 00 70, CP 10 30)**

Coverage does not apply to loss or damage to any merchandise, goods or other product, caused by error or omission in any stage of the development, production or use of the product. But if the error or omission results in a covered cause of loss, the loss or damage attributable to the covered cause of loss is covered. Coverage intent is reinforced, with an explicit provision, in light of sporadic claims being asserted in contradiction of intent.
- **Collapse**

In Forms **CP 00 70** and **CP 10 30**, the exclusion for collapse and the Additional Coverage – Collapse (which builds back limited coverage) are revised to reinforce that relationship.

In Form **CP 10 20**, the Additional Coverage – Collapse is revised to reinforce the applicability of such coverage with respect to certain perils that are not otherwise covered by the policy.
- **Artificially Generated Electrical Current Exclusion (CP 00 70, CP 00 99, CP 10 10, CP 10 20, CP 10 30)**

This exclusion has been revised to explicitly incorporate various terms that reflect current understanding of technology with respect to power sources and associated systems, such as electromagnetic energy (including electromagnetic pulse or waves) and microwaves, and the various risks presented by them.
- **Business Income – Landlord As Additional Insured (Rental Value)**

Endorsement **CP 15 03**, Business Income – Landlord As Additional Insured (Rental Value), provides coverage for loss of rental income for a landlord (the Additional Insured) under a tenant's policy. The amount of any payment made to the Additional Insured under this endorsement will be deducted from the Named Insured's business income loss.
- **Additional Insured and Loss Payee (Building Owner)**

Endorsement **CP 12 19**, Additional Insured – Building Owner, enables adding the building owner as an additional Named Insured under a tenant's Building Coverage.

Endorsement **CP 12 18**, Loss Payable Provisions, is revised to add an option, Building Owner Loss Payable, to identify the building owner and recognize that entity as a loss payee.

- **Building Glass Under Tenant's Policy**

Endorsement **CP 14 70**, Building Glass – Tenant's Policy, is introduced to enable coverage of building glass under a tenant's policy that does not otherwise cover the building. Coverage, if any, was previously identified by means of Declarations entry.

- **Windstorm Or Hail Percentage Deductible Endorsement CP 03 21**

The following editorial changes are made: The text of the endorsement no longer includes language pertaining to other causes or events that contribute concurrently or in any sequence to the loss, because the underlying policy addresses that concept. Language is added to make it more explicit that this endorsement does not affect the impact of the policy's Water Exclusion or any other exclusion in the policy, and does not affect the application of a Flood Deductible if the policy (or another policy) provides coverage for Flood.

- **Causes Of Loss Exclusion Endorsements (CP 10 54 and CP 10 56)**

Under Endorsement **CP 10 54**, a statement is added to reinforce the applicability of underlying policy exclusions.

Under Endorsement **CP 10 56**, exclusionary language concerning seepage or leakage is added to conform to the provision in the underlying policy, with no change in coverage.

- **Dependent Properties – Time Element (CP 15 08, CP 15 09, CP 15 34)**

The revised description of Miscellaneous Locations makes it explicit that highways and other transportation conduits are not considered to be Miscellaneous Locations.

- **Electrical Apparatus And Electronic Commerce Endorsements**

Endorsements **CP 04 10** and **CP 04 30** are revised to reflect the changes to the Artificially Generated Electrical Current exclusion in the Causes of Loss forms.

- **Utility Services Coverage Endorsements (CP 04 17, CP 15 45)**

These endorsements are revised to remove the qualification that the utility service property be located off the described premises (or outside a covered building, in the case of time element). With respect to a policy that was and is endorsed to cover utility services, there is no change in coverage. The revision to the coverage endorsements simply recognizes the revision to the underlying exclusion.

- **Functional Building Valuation Endorsement CP 04 38**

The section of the endorsement that addresses exclusion of pollution under Ordinance Or Law Coverage is revised to include reference to fungus and other contaminants and to follow similar provisions of the Increased Cost Of Construction Additional Coverage in the underlying policy.

Philadelphia Indemnity Insurance Company

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

Policy Number: PHPK1873507

Named Insured: Montessori Children's House

☒ See Supplemental Schedule

Agent # 110461

BUSINESS DESCRIPTION: Day Care**DESCRIPTION OF PREMISES:**

Prem.	Bldg	
No.	No.	Location, Fire Protection/Construction and Occupancy

SEE SCHEDULE ATTACHED**COVERAGES PROVIDED:** Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Prem.	Bldg.		Limit of	Causes of		
No.	No.	Coverage	Insurance	Loss Form (1)	Coinsurance(2)	Deductible

SEE SCHEDULE ATTACHED**OPTIONAL COVERAGES:**

Prem.	Bldg.		Agreed Value	Replacement Cost	Inflation
No.	No.	Coverage	Amount	Incl. Stock	Guard

SEE SCHEDULE ATTACHED**OPTIONAL COVERAGES: APPLIES TO BUSINESS INCOME ONLY**

Prem.	Bldg.	Agreed Value	Agreed Value	Monthly Limit of	Maximum Period of	Extended Period of
No.	No.	Date	Amount	Indemnity (Fraction)	Indemnity	Indemnity (Days)

SEE SCHEDULE ATTACHED**DEDUCTIBLE:****SEE SCHEDULE ATTACHED****MORTGAGE HOLDERS:**Refer To Mortgagee/Loss Payee Schedule**FORM(S) AND ENDORSEMENT(S) APPLICABLE TO THIS COVERAGE PART:**Refer To Forms Schedule**TOTAL PREMIUM FOR THIS COVERAGE PART \$ 3,290.00**

(1) EQ (if shown) = Earthquake (2) Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Form Symbol

Countersignature Date_____
Authorized Representative

Form Schedule – Property

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

FORMS APPLICABLE TO ALL PREMISES AND COVERAGES

Form	Edition	Description
CP P 004	0706	Excl Of Loss Due To Virus Or Bacteria Advisory Notice
IL N 178	0313	Texas Period To File A Claim Or Bring Legal Action
PI-CP-Notice-TX	0318	Comm Prop Forms Rev Advisory Notice To Policyholders
Property Dec	0100	Property Declarations
Property Schedule	0100	Property Supplemental Schedule
CP0090	0788	Commercial Property Conditions
CP0140	0706	Exclusion Of Loss Due To Virus Or Bacteria
CP0142	0312	Texas Changes
CP0163	1005	Texas-Modified Limitations On Fungus, Wet Rot, Dry Rot
CP0320	1092	Multiple Deductible Form (Fixed Dollar Deductibles)
PI-BM-001	0313	Equipment Breakdown Protection Endorsement
PI-BM-TX-1	1203	Texas Change Endorsement
PI-CP-002	0204	Changes - Electronic Data

FORMS APPLICABLE TO SPECIFIC PREMISES AND COVERAGES

Form	Edition	Description
CP0010	1012	Building And Personal Property Coverage Form
TX PREMS 001 BLDG 001	BUILDING BUSINESS PERS PROPERTY	
CP0030	1012	Business Income (And Extra Expense) Coverage Form
CP0321	1012	Windstorm Or Hail Percentage Deductible
TX PREMS 001 BLDG 001		
CP1030	1012	Causes Of Loss - Special Form
TX PREMS 001 BLDG 001	BUILDING BUSINESS PERS PROPERTY	
PI-EPE-DY	0107	Elite Property Enhancement: Day Care Centers
PI-NP-007 TX	0601	Loss of Income Due to Workplace Violence

Philadelphia Indemnity Insurance Company**COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL SCHEDULE**

Policy Number: PHPK1873507

Named Insured: Montessori Children's House

Agent # 110461

DESCRIPTION OF PREMISES:

Prem.	Bldg.	
No.	No.	Location, Fire Protection/Construction and Occupancy
0001	001	7335 Abrams Rd Dallas, TX 75231-4703
		DAY CARE CENTER-FP
		PC 01 FRAME

COVERAGES PROVIDED: Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made.

Prem.	Bldg.		Limit of	Causes of (1)		
No.	No.	Coverage	Insurance	Loss Form	Coinsurance(2)	Deductible
0001	001	BUILDING	1,786,524	SPECIAL	80%	CP0320
0001	001	BUSINESS PERS PROPERTY	200,000	SPECIAL	80%	CP0320
		BOILER & MACHINERY				
		PROPERTY ELITE				

OPTIONAL COVERAGES:

Prem.	Bldg.		Agreed Value		Replacement Cost	Inflation
No.	No.	Coverage	Amount	Expiration Date	Incl. Stock	Guard
0001	001	BUILDING			(x)	
0001	001	BUSINESS PERS PROPERTY			(x)	(x)

OPTIONAL COVERAGES: APPLIES TO BUSINESS INCOME ONLY

Prem.	Bldg.	Agreed Value	Agreed Value	Monthly Limit of	Maximum Period of	Extended Period of
No.	No.	Date	Amount	Indemnity(Fraction)	Indemnity	Indemnity (Days)

Deductible Exceptions: See CP0320, CP0321

(1) EQ (if shown) = Earthquake

(2) Coinsurance %, Extra Expense %, Limits on Loss Payment or Value Reporting Form Symbol

(5) 10% or \$5,000 minimum

* THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

2012 GENERAL LIABILITY MULTISTATE FORMS REVISION ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes in your policy. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The major areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy. We have followed the policy sequence of provisions in setting out this material.

COMMERCIAL GENERAL LIABILITY COVERAGE FORMS CG 00 01 04 13 AND CG 00 02 04 13

I. EXCLUSIONS

A. BROADENING OF COVERAGE

1. Coverage **A** – Exclusion **2.c.** (Liquor Liability) is revised to provide an exception with respect to allowing a person to bring alcoholic beverages onto the named insured's premises for consumption on the named insured's premises.
2. Coverage **A** – Exclusion **2.p.** (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

B. OTHER CHANGES

1. Coverage **A** – Exclusion **2.c.** (Liquor Liability) is revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol.
2. Coverage **A** – Exclusion **2.g.** (Aircraft, Auto Or Watercraft) is revised to delete reference to "in the state".
3. Coverage **A** – Exclusion **2.q.** and Coverage **B** – Exclusion **2.p.** (Recording And Distribution Of Material Or Information In Violation Of Law) were previously added to your policy via mandatory endorsement. The endorsement contained an exclusion addressing injury or damage arising out of any action or omission that violates or is alleged to violate certain statutes, ordinances and regulations. This exclusion has been incorporated directly into your policy.
4. Coverage **B** – Exclusions **2.b.** and **2.c.** (Material Published With Knowledge Of Falsity and Material Published Prior To Policy Period) are revised to reference "in any manner", with respect to oral or written publication, for consistency with the definition of personal and advertising injury.

II. CONDITIONS

OTHER CHANGES

Condition **4.** (Other Insurance) is generally revised so that the insurance provided is excess over any for which the named insured has been added as an additional insured, whether by endorsement or any other means.

III. DEFINITIONS

OTHER CHANGES

1. Definition 2. (Auto) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.
2. Definition 12. (Mobile Equipment) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM – COVERAGE FOR OPERATIONS OF DESIGNATED CONTRACTOR CG 00 09 04 13

I. EXCLUSIONS

BROADENING OF COVERAGE

Exclusion 2.I. (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

II. DEFINITIONS

OTHER CHANGES

1. Definition 1. (Auto) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.
2. Definition 10. (Mobile Equipment) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.

LIQUOR LIABILITY COVERAGE FORMS CG 00 33 04 13 AND CG 00 34 04 13

WHO IS AN INSURED

BROADENING OF COVERAGE

We have included trusts as Named Insureds. In addition, trustees have been included as insureds but only with respect to their duties as trustees.

CG 00 35 04 13 – RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

EXCLUSIONS

BROADENING OF COVERAGE

Exclusion 2.f.(3)(a) (Pollution) is amended to expand the exception to the exclusion with respect to bodily injury or property damage arising out of fuel or lubricants for equipment used at the job location not just when they escape from such equipment.

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM
CG 00 37 04 13 AND CG 00 38 04 13

I. EXCLUSIONS

BROADENING OF COVERAGE

1. Exclusion **2.c.** (Liquor Liability) is revised to provide an exception with respect to allowing a person to bring alcoholic beverages onto the named insured's premises for consumption on the named insured's premises.
2. Exclusion **2.i.** (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

II. DEFINITIONS

OTHER CHANGES

1. Exclusion **2.c.** (Liquor Liability) is revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol.
2. Definition **1.** (Auto) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.
3. Definition **10.** (Mobile Equipment) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.

CG 00 39 04 13 – POLLUTION LIABILITY COVERAGE FORM DESIGNATED SITES
CG 00 40 04 13 – POLLUTION LIABILITY LIMITED COVERAGE FORM
DESIGNATED SITES

I. EXCLUSIONS

A. BROADENING OF COVERAGE

Exclusion **2.p.** (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

B. OTHER CHANGES

Exclusion (Aircraft, Auto, Rolling Stock Or Watercraft) is generally revised to reinforce that the exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured.

The exclusion is also revised to express that a land motor vehicle subject to compulsory or financial responsibility laws or other motor vehicle insurance laws will not be covered with respect to its over-the-road exposures.

II. DEFINITIONS

OTHER CHANGES

1. Exclusion **2.j.** (Aircraft, Auto, Rolling Stock Or Watercraft) is revised to delete reference to "in the state". (CG 00 40 only)
2. Definition **1.** (Auto) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.
3. Definition (Mobile Equipment) is revised to delete reference to "in the state" with respect to where a vehicle is licensed or principally garaged.

CG 00 42 04 13 – UNDERGROUND STORAGE TANK POLICY DESIGNATED TANKS

EXCLUSIONS

BROADENING OF COVERAGE

Exclusion **2.i.** (Electronic Data) is revised to introduce an exception for liability for damages because of bodily injury.

CG 00 65 04 13 – ELECTRONIC DATA LIABILITY COVERAGE FORM

EXCLUSIONS

OTHER CHANGES

Exclusion **2.g.** (Infringement Of Intellectual Property Rights) is revised to delete the exception pertaining to the use of another's advertising idea.

MULTISTATE ENDORSEMENTS

A. BROADENING OF COVERAGE

1. Electronic Data Liability Endorsement **CG 04 37** is revised to introduce an exception to the electronic data exclusion in order to provide that the exclusion does not apply to liability for damages because of bodily injury.
2. Additional Insured – Owners, Lessees Or Contractors – Automatic Status For Other Parties When Required In Written Construction Agreement Endorsement **CG 20 38** is introduced to provide additional insured status to those parties whom the named insured is obligated in writing in a contract or agreement to name as an additional insured.
3. Druggists Endorsement **CG 22 69** is revised to introduce an exception for the administering of vaccinations.
4. Liquor Liability – Bring Your Own Alcohol Establishments Endorsement **CG 24 06** is introduced to provide coverage to insureds who permit any person to bring any alcoholic beverage on an insured's premises, for consumption on the insured's premises.

B. REDUCTIONS OF COVERAGE

1. Additional Insured – Users Of Golfmobiles Endorsement **CG 20 08** is revised to include a definition of the term golfmobile.

2. Liquor Liability Exclusion Endorsements

The following endorsements are revised to indicate that the liquor liability exclusion will apply if a named insured permits any person to bring any alcoholic beverages on the named insured's premises, for consumption on the named insured's premises:

- **CG 21 50** – Amendment Of Liquor Liability Exclusion (for use with Commercial General Liability Coverage Part)
- **CG 21 51** – Amendment Of Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities (for use with Commercial General Liability Coverage Part)
- **CG 29 52** – Amendment Of Liquor Liability Exclusion (for use with Products/Completed Operations Liability Coverage Part)
- **CG 29 53** – Amendment Of Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities (for use with Products/Completed Operations Liability Coverage Part)

3. Total Pollution Exclusion For Designated Products Or Work Endorsement **CG 21 99** is introduced to exclude coverage with respect to bodily injury or property damage arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants which arises out of the product or work scheduled in the endorsement.
4. Amendment Of Personal And Advertising Injury Definition Endorsement **CG 24 13** is introduced to remove from the definition of personal and advertising injury the offense of oral and written publication, in any manner, of material that violates a person's right of privacy.

C. OTHER CHANGES

1. Limited Product Withdrawal Expense Endorsement **CG 04 36** is revised, in part, to reinforce that the Participation Percentage is indicated in the Schedule and to reflect that the cost of the insured's participation in each product withdrawal will be borne by the named insured when due.
2. Primary And Noncontributory – Other Insurance Condition Endorsement **CG 20 01** is introduced to revise the Other Insurance Condition to indicated that coverage is provided to an additional insured on a primary and noncontributory basis, provided that certain requirements are met.

3. Additional Insured Endorsements

The following additional insured endorsements are revised to indicate that when these endorsements are attached to a policy, if coverage provided to the additional insured is required by contract or agreement, coverage to the additional insured will be afforded to the extent permissible by law and to the extent the named insured is required by the contract or agreement to provide insurance for the additional insured.

Additionally, if coverage provided to the additional insured is required by contract or agreement, the limits of insurance of the named insured's policy that are available to an additional insured will be limited to the extent required by the contract or agreement or the amount of insurance available under the applicable Limits of Insurance shown in the Declarations, whichever is less:

- **CG 20 03** – Additional Insured – Concessionaires Trading Under Your Name
- **CG 20 05** – Additional Insured – Controlling Interest
- **CG 20 07** – Additional Insured – Engineers, Architects Or Surveyors
- **CG 20 10** – Additional Insured – Owners, Lessees Or Contractors – Scheduled Person Or Organization
- **CG 20 11** – Additional Insured – Managers Or Lessors Of Premises
- **CG 20 12** – Additional Insured – State Or Governmental Agency Or Subdivision Or Political Subdivision – Permits Or Authorizations
- **CG 20 13** – Additional Insured – State Or Governmental Agency Or Subdivision Or Political Subdivision – Permits Or Authorizations Relating To Premises
- **CG 20 15** – Additional Insured – Vendors
- **CG 20 18** – Additional Insured – Mortgagee, Assignee Or Receiver
- **CG 20 23** – Additional Insured – Executors, Administrators, Trustees Or Beneficiaries
- **CG 20 24** – Additional Insured – Owners Or Other Interest From Whom Land Has Been Leased
- **CG 20 26** – Additional Insured – Designated Person Or Organization
- **CG 20 27** – Additional Insured – Co-owner Of Insured Premises
- **CG 20 28** – Additional Insured – Lessor Of Leased Equipment
- **CG 20 29** – Additional Insured – Grantor Of Franchise
- **CG 20 30** – Oil Or Gas Operations – Nonoperating, Working Interests
- **CG 20 31** – Additional Insured – Engineers, Architects Or Surveyors
- **CG 20 32** – Additional Insured – Engineers, Architects Or Surveyors Not Engaged By The Named Insured
- **CG 20 33** – Additional Insured – Owners, Lessees Or Contractors – Automatic Status When Required In Construction Agreement With You

- **CG 20 34** – Additional Insured – Lessor Of Leased Equipment – Automatic Status When Required In Lease Agreement With You
- **CG 20 35** – Additional Insured – Grantor Of Licenses – Automatic Status When Required By Licensor
- **CG 20 36** – Additional Insured – Grantor Of Licenses
- **CG 20 37** – Additional Insured – Owners, Lessees Or Contractors – Completed Operations
- **CG 29 35** – Additional Insured – State Or Governmental Agency Or Subdivision Or Political Subdivision – Permits Or Authorizations

4. Professional Services Endorsements

The following endorsements are revised to expressly address, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by any insured:

- **CG 21 16** – Exclusion – Designated Professional Services
- **CG 21 52** – Exclusion – Financial Services
- **CG 21 56** – Exclusion – Funeral Services
- **CG 21 57** – Exclusion – Counseling Services
- **CG 21 58** – Exclusion – Professional Veterinarian Services
- **CG 21 59** – Exclusion – Diagnostic Testing Laboratories
- **CG 22 24** – Exclusion – Inspection, Appraisal And Survey Companies
- **CG 22 32** – Exclusion – Professional Services – Blood Banks
- **CG 22 33** – Exclusion – Testing Or Consulting Errors And Omissions
- **CG 22 34** – Exclusion – Construction Management Errors And Omissions
- **CG 22 36** – Exclusion – Products And Professional Services (Druggists)
- **CG 22 37** – Exclusion – Products And Professional Services (Optical And Hearing Aid Establishments)
- **CG 22 39** – Exclusion – Camps Or Campgrounds
- **CG 22 43** – Exclusion – Engineers, Architects Or Surveyors Professional Liability
- **CG 22 44** – Exclusion – Services Furnished By Health Care Providers
- **CG 22 45** – Exclusion – Specified Therapeutic Or Cosmetic Services
- **CG 22 48** – Exclusion – Insurance And Related Operations
- **CG 22 69** – Druggists
- **CG 22 71** – Colleges Or Schools (Limited Form)
- **CG 22 72** – Colleges Or Schools
- **CG 22 75** – Professional Liability Exclusion – Computer Software
- **CG 22 76** – Professional Liability Exclusion – Health Or Exercise Clubs Or Commercially Operated Health Or Exercise Facilities
- **CG 22 77** – Professional Liability Exclusion – Computer Data Processing
- **CG 22 79** – Exclusion – Contractors – Professional Liability
- **CG 22 80** – Limited Exclusion – Contractors – Professional Liability
- **CG 22 87** – Exclusion – Adult Day Care Centers
- **CG 22 88** – Professional Liability Exclusion – Electronic Data Processing Services And Computer Consulting Or Programming Services
- **CG 22 90** – Professional Liability Exclusion – Spas or Personal Enhancement Facilities
- **CG 22 91** – Exclusion – Telecommunication Equipment Or Service Providers Errors And Omissions
- **CG 22 96** – Limited Exclusion – Personal And Advertising Injury – Lawyers

- **CG 22 98** – Exclusion – Internet Service Providers And Internet Access Providers Errors And Omissions
 - **CG 22 99** – Professional Liability Exclusion – Web Site Designers
 - **CG 23 01** – Exclusion – Real Estate Agents Or Brokers Errors Or Omissions
 - **CG 31 15** – Construction Project Management Protective Liability Coverage
5. Exclusion – Volunteer Workers Endorsement **CG 21 66** is revised to delete reference to "in the state" from Exclusion **2.g.** (Aircraft, Auto Or Watercraft).
 6. Exclusion – Failure To Supply Endorsement **CG 22 50** is revised to expressly state that the exclusion also applies to the failure of any insured to adequately supply biofuel.
 7. Pesticide Or Herbicide Applicator Coverage Endorsements **CG 22 64** and **CG 28 12** and Lawn Care Services Coverage Endorsement **CG 22 93** are revised to reflect a change in titles to Herbicide Applicator – *Limited Pollution* Coverage endorsements and Lawn Care Services – *Limited Pollution* Coverage.
 8. Real Estate Property Managed Endorsement **CG 22 70** is revised to reinforce that the insurance provided is excess over any other insurance available, whether such insurance is primary or excess.
 9. Colleges Or Schools Endorsements **CG 22 71** and **CG 22 72** are revised to expressly address, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by any insured.
 10. Waiver Of Governmental Immunity Endorsement **CG 24 14** is revised to reference that the endorsement also applies to the Owners And Contractors Protective Liability Coverage Part and the Railroad Protective Liability Coverage Part.
 11. Amendment Of Insured Contract Definition Endorsement **CG 24 26** and Limited Contractual Liability – Railroads Endorsement **CG 24 27** are revised to reflect that the defined term insured contract addresses certain liability assumed by the named insured with respect to the tort liability of another party to the extent the assumption of the tort liability is permitted by law.
 12. Designated Location(s) Aggregate Limit Endorsement **CG 25 14** is introduced to make a separate Designated Location Aggregate Limit available for each location of the insured listed in the Schedule of the endorsement.
 13. Supplemental Extended Reporting Period Endorsement **CG 27 10** and Supplemental Extended Reporting Period Endorsement For Specific Accidents, Products, Work Or Locations Endorsement **CG 27 11** are revised to amend Condition 4. (Other Insurance) so that the insurance provided is excess over any for which the named insured has been added as an additional insured, whether by endorsement or any other means.
 14. Principals Protective Liability Coverage Endorsement **CG 28 07** is revised to delete reference to "in the state" from Exclusion **2.c.(1)(e)(i)**.
 15. **Liquor Liability Exclusion Endorsements**

The following endorsements are revised to reinforce that the exclusion applies even if claims against an insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others, or providing or failing to provide transportation with respect to any person that may be under the influence of alcohol:

- **CG 21 50** – Amendment Of Liquor Liability Exclusion (for use with Commercial General Liability Coverage Part)
- **CG 21 51** – Amendment Of Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities (for use with Commercial General Liability Coverage Part)
- **CG 29 52** – Amendment Of Liquor Liability Exclusion (for use with Products/Completed Operations Liability Coverage Part)
- **CG 29 53** – Amendment Of Liquor Liability Exclusion – Exception For Scheduled Premises Or Activities (for use with Products/Completed Operations Liability Coverage Part)

GENERAL LIABILITY ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION EXCLUSIONS

ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsements, which applies to your renewal policy being issued by us:

CG 21 06 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – With Limited Bodily Injury Exception (For Use With The Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- Under Coverage **A** – Bodily Injury And Property Damage Liability, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.
- Under Coverage **B** – Personal And Advertising Injury Liability, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 21 07 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – Limited Bodily Injury Exception Not Included (For Use With The Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- Under Coverage **A** – Bodily Injury And Property Damage Liability, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage. However, when this endorsement is attached, it will result in a reduction of coverage due to the deletion of an exception with respect to damages because of bodily injury arising out of loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.
- Under Coverage **B** – Personal And Advertising Injury Liability, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 21 08 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information (Coverage B Only) (For Use With The Commercial General Liability Coverage Part)

When this endorsement is attached to your policy, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 04 37 – Electronic Data Liability (For Use With The Commercial General Liability Coverage Part)

With respect to damages arising out of access or disclosure of confidential or personal information, when this endorsement is attached to your policy:

- Under Coverage **A** – Bodily Injury And Property Damage Liability, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.
- Under Coverage **B** – Personal And Advertising Injury Liability, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 33 53 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – With Limited Bodily Injury Exception (For Use With The Owners And Contractors Protective Liability Coverage Part and Products/Completed Operations Coverage Part)

When this endorsement is attached to your policy, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.

CG 33 59 05 14 – Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – Limited Bodily Injury Exception Not Included (For Use With The Owners And Contractors Protective Liability and Products/Completed Operations Liability Coverage Parts)

When this endorsement is attached to your policy, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.

However, when this endorsement is attached, it will result in a reduction of coverage due to the deletion of an exception with respect to damages because of bodily injury arising out of loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

CG 33 63 – Exclusion – Access, Disclosure Or Unauthorized Use Of Electronic Data (For Use With The Electronic Data Liability Coverage Part)

With respect to damages arising out of access or disclosure of confidential or personal information, when this endorsement is attached to your policy coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.

However, to the extent that damages arising out of theft or unauthorized viewing, copying, use, corruption, manipulation or deletion, of electronic data by any Named Insured, past or present employee, temporary worker or volunteer worker of the Named Insured may extend beyond loss of electronic data arising out of such theft or the other listed items, this revision may be considered a reduction in coverage.

ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of changes in your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The major areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

PI-GL-002 (09/17) – EXCLUSION – ASBESTOS LIABILITY

If PI-GL-002 Exclusion- Asbestos Liability is attached to your renewal policy, this exclusion reduces coverage as follows:

- The exclusion applies to bodily injury, property damage or personal and advertising injury and excludes coverage under this policy for asbestos exposures.

ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of changes in your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The major areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

PI-GL-001 (09/17) – EXCLUSION – LEAD LIABILITY

If PI-GL-001 Exclusion- Lead Liability is attached to your renewal policy, this exclusion reduces coverage as follows:

- The exclusion applies to bodily injury, property damage or personal and advertising injury and excludes coverage under his policy for lead exposures.

ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of changes in your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The major areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

PI-SAM-006 TX (01/17) – ABUSE OR MOLESTATION EXCLUSION - TEXAS

This exclusion is solely applicable to the General Liability line of business. It does not affect any affirmative grant of Abuse or Molestation coverage that may be provided elsewhere in this policy.

If PI-SAM-006 TX (01/17) Abuse or Molestation Exclusion - Texas is attached to your renewal policy, this exclusion replaces CG 26 46 – Texas Abuse or Molestation Exclusion endorsement or any other Abuse or Molestation exclusion endorsement (if applicable) and further reduces coverage as follows:

- The exclusion is not limited to bodily injury, property damage or personal and advertising injury, but rather any injury sustained by any person. Injury now expressly includes emotional distress.
- The injured party is not required to be in the insured's care, custody or control in order for the exclusion to apply.
- Abuse that is alleged to have occurred is also excluded from coverage.
- This endorsement makes clear that we have no duty to defend any abuse or molestation claim.
- Reference to Employment has been expanded to also include associated hiring, placement and training activities.

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

Policy Number: PHPK1873507

Agent # 110461

☒ See Supplemental Schedule

LIMITS OF INSURANCE

\$	2,000,000	General Aggregate Limit (Other Than Products – Completed Operations)
\$	2,000,000	Products/Completed Operations Aggregate Limit
\$	1,000,000	Personal and Advertising Injury Limit (Any One Person or Organization)
\$	1,000,000	Each Occurrence Limit
\$	100,000	Rented To You Limit (Any One Premises)
\$	5,000	Medical Expense Limit (Any One Person)

FORM OF BUSINESS: CORPORATION

Business Description: Day Care

Location of All Premises You Own, Rent or Occupy: **SEE SCHEDULE ATTACHED**

AUDIT PERIOD, ANNUAL, UNLESS OTHERWISE STATED: This policy is not subject to premium audit.

Classifications	Code No.	Premium Basis	Rates		Advance Premiums	
			Prem./ Ops.	Prod./ Comp. Ops	Prem./ Ops.	Prod./ Comp. Ops.
SEE SCHEDULE ATTACHED						
TOTAL PREMIUM FOR THIS COVERAGE PART:					\$ 1,150.00	\$

RETROACTIVE DATE (CG 00 02 ONLY)

This insurance does not apply to "Bodily Injury", "Property Damage", or "Personal and Advertising Injury" which occurs before the retroactive date, if any, shown below.

Retroactive Date: NONE

FORM (S) AND ENDORSEMENT (S) APPLICABLE TO THIS COVERAGE PART: Refer To Forms Schedule

Countersignature Date

Authorized Representative

Form Schedule – General Liability

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CGP015	0413	2012 GL Multistate Forms Revision Advisory Notice
CGP016	0514	General Liability Advisory Notice To Policyholders
PI-GL-ASBESTOS NOTICE 2	0917	Advisory Notice To Policyholders
PI-GL-LEAD NOTICE 2	0917	Advisory Notice To Policyholders
PI-SAM-NOTICE 2 TX	0117	Advisory Notice To Policyholders
Gen Liab Dec	1004	Commercial General Liability Coverage Part Declaration
Gen Liab Schedule	0100	General Liability Schedule
CG0001	0413	Commercial General Liability Coverage Form
CG0103	0606	Texas Changes
CG0136	1008	Texas Changes-Your Right to Claim and Occurrence Info
CG2106	0514	Excl-Access/Disclosure-With Ltd Bodily Injury Except
CG2167	1204	Fungi or Bacteria Exclusion
CG2170	0115	Cap On Losses From Certified Acts Of Terrorism
CG2239	0413	Exclusion - Camps Or Campgrounds
CG2240	0196	Exclusion-Medical Payments to Children Day Care Center
CG2416	1207	Canoes Or Rowboats
CG2639	1207	Texas Changes - Employment-Related Practices Exclusion
CG3208	1204	Texas Changes-Binding Arbitration
PI-GL-001	0917	Exclusion - Lead Liability
PI-GL-002	0917	Exclusion - Asbestos Liability
PI-GLD-DY	0707	General Liability Deluxe Endt: Day Care Organization
PI-KE-001 TX	0402	Kidnap Expense Enhancement
PI-SAM-006 TX	0117	Abuse Or Molestation Exclusion - Texas
PI-SO-005-TX	0697	Exclusion - Professional Liability Coverage

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
SUPPLEMENTAL SCHEDULE**

Policy Number: PHPK1873507

Agent # 110461

Classifications	Code No.	Premium Basis	Rates		Advance Premiums	
			Prem./ Ops.	Prod./ Comp. Ops.	Prem./ Ops.	Prod./ Comp. Ops.
TX PREM NO. 001 DAY CARE CENTER-FP PROD/COMP OP SUBJ TO GEN AGG LIMIT	41715	82 PERSON	6.331	INCL	529	INCL
TX PREM NO. 001 PARK/PLAYGROUND PROD/COMP OP SUBJ TO GEN AGG LIMIT	46671	1 PARK/PLAYGR	267.178	INCL	272	INCL
TX PREM NO. 001 CAMP-N/PROFIT PROD/COMP OP SUBJ TO GEN AGG LIMIT	41422	1,375 CAMPER DAY	0.175	INCL	246	INCL
TX LIABILITY DELUXE DAY CARE	44444	IF ANY			103	

2013 COMMERCIAL AUTO MULTISTATE FORMS REVISION ADVISORY NOTICE TO BUSINESS AUTO AND MOTOR CARRIER COVERAGE FORM POLICYHOLDERS

This is a summary of the major changes to your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Highlighted below are areas within the Policy that broaden, reduce or reinforce coverage. This notice does not reference every change, including editorial changes, made in your policy.

COVERAGE FORMS

REINFORCEMENTS OF COVERAGE

Revision To "Liability Coverage" Form References

CA 00 01 – Business Auto Coverage Form

CA 00 20 – Motor Carrier Coverage Form

References to "Liability Coverage" that pertain to auto liability in the Business Auto Coverage Form and Motor Carrier Coverage Form are replaced with "Covered Autos Liability Coverage" to distinguish such coverage from the other types of liability coverages that may be included in your policy.

Revisions To Physical Damage Coverage

CA 00 01 – Business Auto Coverage Form

CA 00 05 – Motor Carrier Coverage Form

The Limits Of Insurance provision under Physical Damage Coverage is reinforced to reflect that "loss" rather than "accident" triggers coverage under this section.

MULTISTATE ENDORSEMENTS

BROADENINGS OF COVERAGE

NEW OPTIONAL ENDORSEMENTS

CA 23 30 – Motor Carrier Endorsement

In general, this endorsement may be used to convert the Business Auto Coverage Form into a Motor Carrier Coverage Form for autos used in your operations as a motor carrier.

EXISTING OPTIONAL ENDORSEMENTS

CA 20 54 – Employee Hired Autos

This endorsement is revised to reinforce that any employee of yours is an insured while operating a rental or hired vehicle taken out in another employee's name for the purposes of performing duties related to the conduct of your business and with your permission.

CA 99 16 – Hired Autos Specified As Covered Auto You Own

This endorsement has been revised to remove the wording which limits coverage with respect to the lessor solely to liability arising out of the acts or omissions of the lessee or anyone else acting on the lessee's behalf.

CA 99 37 – Garagekeepers Coverage

Spouses of partners, managers of limited liability companies and executive officers are included as insureds with respect to the conduct of your garage operations.

REINFORCEMENTS OF COVERAGE

EXISTING OPTIONAL ENDORSEMENTS

- CA 01 21 – Limited Mexico Coverage**
- CA 02 38 – Reinstatement Of Insurance**
- CA 02 40 – Suspension Of Insurance**
- CA 03 01 – Deductible Liability Coverage**
- CA 03 02 – Deductible Liability Coverage**
- CA 04 42 – Exclusion Of Federal Employees Using Autos In Government Business**
- CA 04 44 – Waiver Of Transfer Of Rights Of Recovery Against Others To Us (Waiver Of Subrogation)**
- CA 04 45 – Golf Carts And Low-speed Vehicles**
- CA 20 01 – Lessor – Additional Insured And Loss Payee**
- CA 20 02 – Audio, Visual And Data Electronic Equipment Coverage – Fire, Police And Emergency Vehicles**
- CA 20 05 – Drive-away Contractors**
- CA 20 06 – Driving Schools – Non-owned Autos**
- CA 20 07 – Emergency Services – Volunteer Firefighters' And Workers' Injuries Limited Exclusion**
- CA 20 08 – Farm Tractors And Farm Tractors Equipment**
- CA 20 09 – Leasing Or Rental Concerns – Contingent Coverage**
- CA 20 10 – Leasing Or Rental Concerns – Conversion, Embezzlement Or Secretion Coverage**
- CA 20 11 – Leasing Or Rental Concerns – Exclusion Of Certain Leased Autos**
- CA 20 12 – Leasing Or Rental Concerns – Rent-it-there/Leave-it-here Autos**
- CA 20 13 – Leasing Or Rental Concerns – Schedule Of Limits For Owned Autos**
- CA 20 14 – Leasing Or Rental Concerns – Second Level Coverage**
- CA 20 15 – Mobile Equipment**
- CA 20 16 – Mobile Homes Contents Coverage**
- CA 20 17 – Mobile Homes Contents Not Covered**
- CA 20 18 – Professional Services Not Covered**
- CA 20 19 – Repossessed Autos**
- CA 20 21 – Snowmobiles**
- CA 20 27 – Registration Plates Not Issued For A Specific Auto**
- CA 20 30 – Emergency Services – Volunteer Firefighters' And Workers' Injuries Excluded**
- CA 20 33 – Autos Leased, Hired, Rented Or Borrowed With Drivers – Physical Damage Coverage**
- CA 20 48 – Designated Insured (Newly titled Designated Insured For Covered Autos Liability Coverage)**
- CA 20 54 – Employee Hired Autos**
- CA 20 55 – Fellow Employee Coverage**
- CA 20 56 – Fellow Employee Coverage For Designated Employees/Positions**
- CA 20 70 – Coverage For Certain Operations In Connection With Railroads**
- CA 20 71 – Auto Loan/Lease Gap Coverage**
- CA 23 01 – Explosives**

CA 23 03 – Multi-purpose Equipment
CA 23 04 – Rolling Stores
CA 23 05 – Wrong Delivery Of Liquid Products
CA 23 08 – Truckers – Excess Coverage For The Named Insured And Named Lessors For Leased Autos (Newly titled Motor Carriers – Excess Coverage For The Named Insured And Named Lessors For Leased Autos)
CA 23 09 – Truckers – Insurance For Non-trucking Use (Newly titled Motor Carriers – Insurance For Non-trucking Use)
CA 23 12 – Truckers – Named Lessee As Insured (Newly titled Motor Carriers – Named Lessee As Insured)
CA 23 13 – Trailer Interchange Fire And Fire And Theft Coverages
CA 23 17 – Truckers – Uniform Intermodal Interchange Endorsement Form UIIE-1
CA 23 24 – Agricultural Produce Trailers – Seasonal
CA 23 25 – Coverage For Injury To Leased Workers
CA 23 94 – Silica Or Silica-related Dust Exclusion For Covered Autos Exposure
CA 23 97 – Amphibious Vehicles
CA 24 01 – Transportation Of Seasonal Or Migrant Agricultural Workers
CA 24 02 – Public Transportation Autos
CA 99 03 – Auto Medical Payments Coverage
CA 99 10 – Drive Other Car Coverage – Broadened Coverage For Named Individuals
CA 99 13 – Fiduciary Liability Of Banks
CA 99 14 – Fire, Fire And Theft, Fire, Theft And Windstorm And Limited Specified Causes Of Loss Coverages
CA 99 16 – Hired Autos Specified As Covered Autos You Own
CA 99 17 – Individual Named Insured
CA 99 23 – Rental Reimbursement Coverage
CA 99 28 – Stated Amount Insurance
CA 99 30 – Tapes, Records And Discs Coverage
CA 99 33 – Employees As Insureds
CA 99 34 – Social Service Agencies – Volunteers As Insureds
CA 99 37 – Garagekeepers Coverage
CA 99 40 – Exclusion Or Excess Coverage Hazards Otherwise Insured
CA 99 44 – Loss Payable Clause
CA 99 47 – Employee As Lessor
CA 99 48 – Pollution Liability – Broadened Coverage For Covered Autos – Business Auto, Motor Carrier And Truckers Coverage Forms (Newly titled Pollution Liability – Broadened Coverage For Covered Autos – Business Auto And Motor Carrier Coverage Forms)
CA 99 54 – Covered Auto Designation Symbol
CA 99 59 – Garagekeepers Coverage – Customers' Sound-receiving Equipment
CA 99 60 – Audio, Visual And Data Electronic Equipment Coverage Added Limits
CA 99 61 – Loss Payable Clause – Audio, Visual And Data Electronic Equipment Coverage Added Limits
CA 99 90 – Optional Limits – Loss Of Use Expenses

These forms have been revised, where appropriate, to:

- A. Add reference to "Auto Dealer Coverage Form" and delete references to the "Business Auto Physical Damage Coverage Form", "Garage Coverage Form" and/or "Truckers Coverage Form" in the list of the coverage forms to which the endorsement modifies; and/or
- B. Replace references to "Liability Coverage" with respect to auto liability with "Covered Autos Liability Coverage" to distinguish such coverage from the other types of liability coverages included in your policy.

CA 23 97 – Amphibious Vehicles

This endorsement, in general, is revised to reinforce that insurance is not applicable to amphibious vehicles while being launched into, used in or beached from the water. This includes, but is not limited to, coverages such as liability and physical damage coverages.

CA 23 98 – Trailer Interchange Coverage

The Supplementary Payments provision is revised to reinforce that it applies to **court** costs taxed against the insured that do not include the attorneys' fees or expenses taxed against the insured.

A definition of the term "trailer" is added to reinforce that such term includes a semitrailer, container or a dolly used to convert a semitrailer into a trailer.

CA 99 28 – Stated Amount Insurance

CA 99 60 – Audio, Visual And Data Electronic Equipment Coverage Added Limits

CA 99 61 – Loss Payable Clause – Audio, Visual And Data Electronic Equipment Coverage Added Limits

Various provisions and schedules applicable to physical damage coverage have been reinforced to reflect that "loss" rather than "accident" triggers coverage under this section.

POLICY NUMBER: PHPK1873507

COMMERCIAL AUTO
CA DS 03 10 13**BUSINESS AUTO DECLARATIONS****ITEM ONE**

Company Name: Philadelphia Indemnity Insurance Company
Producer Name: Haskins Agency
Named Insured And Mailing Address: Montessori Children's House and School 7335 Abrams Rd Dallas, TX 75231-4703
Policy Period
From: 09/10/2018
To: 09/10/2019 At 12:01 AM Standard Time at your mailing address shown above
Previous Policy Number: PHPK1689262
Form Of Business: CORPORATION

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

Premium Shown Is Payable At Inception: \$ 400.00
Audit Period (if applicable): <input type="checkbox"/> Annually <input type="checkbox"/> Semiannually <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly

Endorsements Attached To This Policy
SEE SCHEDULE

Countersignature Of Authorized Representative
Name:
Title:
Signature:
Date:

Note

Officers' facsimile signatures may be inserted here, on the policy cover or elsewhere at the company's option.

ITEM TWO**Schedule Of Coverages And Covered Autos**

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". **"Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the Covered Autos section of the Business Auto Coverage Form next to the name of the coverage.**

Coverages	Covered Autos	Limit	Premium
Covered Autos Liability	08, 09	\$ 1,000,000 CSL	\$ 399.00
Personal Injury Protection (Or Equivalent No-fault Coverage)		Separately Stated In Each Personal Injury Protection Endorsement Minus \$ Deductible	\$
Added Personal Injury Protection (Or Equivalent Added No-fault Coverage)		Separately Stated In Each Added Personal Injury Protection Endorsement	\$
Property Protection Insurance (Michigan Only)		Separately Stated In The Property Protection Insurance Endorsement Minus \$ Deductible For Each Accident	\$
Auto Medical Payments		\$ Each Insured	\$
Medical Expense And Income Loss Benefits (Virginia Only)		Separately Stated In The Medical Expense And Income Loss Benefits Endorsement	\$
Uninsured Motorists		\$	\$
Underinsured Motorists (When Not Included In Uninsured Motorists Coverage)		\$	\$

ITEM TWO

Schedule Of Coverages And Covered Autos (Cont'd)

Coverages	Covered Autos	Limit	Premium
Physical Damage Comprehensive Coverage		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning See Item Four for Hired or Borrowed Autos.	\$
Physical Damage Specified Causes Of Loss Coverage		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ &) Deductible For Each Covered Auto For Loss Caused By Mischief Or Vandalism See Item Four for Hired or Borrowed Autos.	\$
Physical Damage Collision Coverage		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto See Item Four for Hired or Borrowed Autos.	\$
Physical Damage Towing And Labor		\$ For Each Disablement Of A Private Passenger Auto	\$
Terrorism	All	Per Coverage Endorsement	\$ 1.00
Premium For Endorsements			\$
Estimated Total Premium*			\$ 400.00
*This policy may be subject to final audit.			

ITEM THREE**Schedule Of Covered Autos You Own**

Covered Auto Number:						
Town And State Where The Covered Auto Will Be Principally Garaged: SEE SCHEDULE						
Covered Auto Description						
Year:	Model:			Trade Name:		
Body Type:				Serial Number(s):		
Vehicle Identification Number (VIN):						
Classification						
Original Cost New	Radius Of Operation	Business Use s=service r=retail c=commercial	Size GVW, GCW Or Vehicle Seating Capacity	Age Group	Secondary Rating Classification	Code
\$ SEE SCHEDULE						
Except For Towing, All Physical Damage Loss Is Payable To You And The Loss Payee Named Below According To Their Interests In The Auto At The Time Of The Loss: SEE SCHEDULE, IF APPLICABLE						

ITEM THREE**Schedule Of Covered Autos You Own (Cont'd)**

Coverages – Premiums, Limits And Deductibles (Absence of a deductible or limit entry in any column below means that the limit or deductible entry in the corresponding Item Two column applies instead.)		
Coverages	Limit	Premium
Covered Autos Liability	\$ SEE SCHEDULE	\$
Personal Injury Protection	Stated In Each Personal Injury Protection Endorsement Minus \$ Deductible	\$
Added Personal Injury Protection	Stated In Each Added Personal Injury Protection Endorsement	\$
Property Protection Insurance (Michigan Only)	Stated In The Property Protection Insurance Endorsement Minus \$ Deductible	\$
Auto Medical Payments	\$ Each Insured	\$
Medical Expense And Income Loss Benefits (Virginia Only)	Stated In The Medical Expense And Income Loss Benefits Endorsement For Each Person	\$
Comprehensive	Stated In Item Two Minus \$ Deductible	\$
Specified Causes Of Loss	Stated In Item Two Minus \$ Deductible	\$
Collision	Stated In Item Two Minus \$ Deductible	\$
Towing And Labor	\$ Per Disablement	\$

Total Premiums	SEE SCHEDULE
Covered Autos Liability	\$
Personal Injury Protection	\$
Added Personal Injury Protection	\$
Property Protection Insurance (Michigan Only)	\$
Auto Medical Payments	\$
Medical Expense And Income Loss Benefits (Virginia Only)	\$
Comprehensive	\$
Specified Causes Of Loss	\$
Collision	\$
Towing And Labor	\$

ITEM FOUR**Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums**

Covered Autos Liability Coverage – Cost Of Hire Rating Basis For Autos Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)		
Covered Autos Liability Coverage	Estimated Annual Cost Of Hire For All States	Premium
Primary Coverage	\$ SEE SCHEDULE, IF APPLICABLE	\$
Excess Coverage	\$ SEE SCHEDULE, IF APPLICABLE	\$
Total Hired Auto Premium		\$
<p>For "autos" used in your motor carrier operations, cost of hire means:</p> <ol style="list-style-type: none"> 1. The total dollar amount of costs you incurred for the hire of automobiles (includes "trailers" and semitrailers) and, if not included therein, 2. The total remunerations of all operators and drivers' helpers, of hired automobiles, whether hired with a driver by lessor or an "employee" of the lessee, or any other third party, and 3. The total dollar amount of any other costs (e.g., repair, maintenance, fuel, etc.) directly associated with operating the hired automobiles, whether such costs are absorbed by the "insured", paid to the lessor or owner, or paid to others. 		

Covered Autos Liability Coverage – Cost Of Hire Rating Basis For Autos NOT Used In Your Motor Carrier Operations (Other Than Mobile Or Farm Equipment)			
Covered Autos Liability Coverage	State	Estimated Annual Cost Of Hire For Each State	Premium
Primary Coverage		\$ SEE SCHEDULE, IF APPLICABLE	\$
Excess Coverage		\$ SEE SCHEDULE, IF APPLICABLE	\$
Total Hired Auto Premium			\$
<p>For "autos" NOT used in your motor carrier operations, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.</p>			

ITEM FOUR

Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums (Cont'd)

Physical Damage Coverages – Cost Of Hire Rating Basis For All Autos (Other Than Mobile Or Farm Equipment)				
Coverage	State	Limit Of Insurance	Estimated Annual Cost Of Hire For Each State (Excluding Autos Hired With A Driver)	Premium
Comprehensive		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning	\$ SEE SCHEDULE, IF APPLICABLE	\$
Specified Causes Of Loss		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto For Loss Caused By Mischief Or Vandalism	\$	\$
Collision		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Deductible For Each Covered Auto	\$	\$
Total Hired Auto Premium				\$
For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any "auto" that is leased, hired, rented or borrowed with a driver.				

ITEM FOUR**Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums (Cont'd)**

Cost Of Hire Rating Basis For Mobile Or Farm Equipment – Other Than Physical Damage Coverages					
Coverage	State	Estimated Annual Cost Of Hire For Each State		Premium	
		Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
Covered Autos Liability – Primary Coverage		\$ SEE SCHEDULE, IF APPLICABLE	\$	\$	\$
Covered Autos Liability – Excess Coverage		\$	\$	\$	\$
Personal Injury Protection		\$	\$	\$	\$
Medical Expense Benefits (Virginia Only)	VA	\$	\$	\$	\$
Income Loss Benefits (Virginia Only)	VA	\$	\$	\$	\$
Auto Medical Payments		\$	\$	\$	\$
Total Hired Auto Premiums				\$	\$
Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.					

ITEM FOUR

Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums (Cont'd)

Cost Of Hire Rating Basis For Mobile Or Farm Equipment – Physical Damage Coverages						
Coverage	State	Limit Of Insurance	Estimated Annual Cost Of Hire For Each State (Excluding Autos Hired With A Driver)		Premium	
			Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
Compre- hensive		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning	\$ SEE SCHEDULE, IF APPLICABLE	\$	\$	\$
Specified Causes Of Loss		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto For Loss Caused By Mischief Or Vandalism	\$	\$	\$	\$
Collision		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus \$ Ded. For Each Covered Auto	\$	\$	\$	\$
Total Hired Auto Premiums					\$	\$
For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any auto that is leased, hired, rented or borrowed with a driver.						

ITEM FOUR**Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums (Cont'd)**

Rental Period Rating Basis For Mobile Or Farm Equipment					
Coverage	Town And State Where The Job Site Is Located	Estimated Number Of Days Equipment Will Be Rented		Premium	
		Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
Covered Autos Liability – Primary Coverage				\$	\$
Covered Autos Liability – Excess Coverage				\$	\$
Personal Injury Protection				\$	\$
Medical Expense Benefits (Virginia Only)				\$	\$
Income Loss Benefits (Virginia Only)				\$	\$
Auto Medical Payments				\$	\$
Total Hired Auto Premiums				\$	\$

ITEM FIVE**Schedule For Non-ownership Covered Autos Liability**

Named Insured's Business	Rating Basis	Number	Premium
Other Than Garage Service Operations And Other Than Social Service Agencies	Number Of Employees	18	\$ 225 . 00
	Number Of Partners (Active And Inactive)		\$
Garage Service Operations	Number Of Employees Whose Principal Duty Involves The Operation Of Autos		\$
	Number Of Partners (Active And Inactive)		\$
Social Service Agencies	Number Of Employees		\$
	Number Of Volunteers Who Regularly Use Autos To Transport Clients		\$
	Number Of Partners (Active And Inactive)		\$
Total Non-ownership Covered Autos Liability Premium			\$ 225 . 00

ITEM SIX**Schedule For Gross Receipts Or Mileage Basis**

Address Of Business Headquarters Location:	
Type Of Risk (Check one):	<input type="checkbox"/> Public Autos <input type="checkbox"/> Leasing Or Rental Concerns
Rating Basis (Check one):	<input type="checkbox"/> Gross Receipts (Per \$100) <input type="checkbox"/> Mileage (Per Mile)
Estimated Yearly (Gross Receipts Or Mileage):	
Premiums	
Covered Autos Liability	\$
Personal Injury Protection	\$
Added Personal Injury Protection	\$
Property Protection Insurance (Michigan Only)	\$
Auto Medical Payments	\$
Medical Expense And Income Loss Benefits (Virginia Only)	\$
Comprehensive	\$
Specified Causes Of Loss	\$
Collision	\$
Towing And Labor	\$

ITEM SIX**Schedule For Gross Receipts Or Mileage Basis (Cont'd)**

Address Of Business Headquarters Location:	
Type Of Risk (Check one): <input type="checkbox"/> Public Autos <input type="checkbox"/> Leasing Or Rental Concerns	
Rating Basis (Check one): <input type="checkbox"/> Gross Receipts (Per \$100) <input type="checkbox"/> Mileage (Per Mile)	
Estimated Yearly (Gross Receipts Or Mileage):	
Premiums	
Covered Autos Liability	\$
Personal Injury Protection	\$
Added Personal Injury Protection	\$
Property Protection Insurance (Michigan Only)	\$
Auto Medical Payments	\$
Medical Expense And Income Loss Benefits (Virginia Only)	\$
Comprehensive	\$
Specified Causes Of Loss	\$
Collision	\$
Towing And Labor	\$

Address Of Business Headquarters Location:	
Type Of Risk (Check one): <input type="checkbox"/> Public Autos <input type="checkbox"/> Leasing Or Rental Concerns	
Rating Basis (Check one): <input type="checkbox"/> Gross Receipts (Per \$100) <input type="checkbox"/> Mileage (Per Mile)	
Estimated Yearly (Gross Receipts Or Mileage):	
Premiums	
Covered Autos Liability	\$
Personal Injury Protection	\$
Added Personal Injury Protection	\$
Property Protection Insurance (Michigan Only)	\$
Auto Medical Payments	\$
Medical Expense And Income Loss Benefits (Virginia Only)	\$
Comprehensive	\$
Specified Causes Of Loss	\$
Collision	\$
Towing And Labor	\$

ITEM SIX

Schedule For Gross Receipts Or Mileage Basis (Cont'd)

When used as a premium basis:

FOR PUBLIC AUTOS

Gross receipts means the total amount earned by the named insured for transporting passengers, mail and merchandise.

Gross receipts does not include:

1. Amounts paid to air, sea or land carriers operating under their own permits.
2. Advertising revenue.
3. Taxes collected as a separate item and paid directly to the government.
4. C.O.D. collections for cost of mail or merchandise including collection fees.

Mileage means the total live and dead mileage of all revenue producing "autos" during the policy period.

FOR RENTAL OR LEASING CONCERNS

Gross receipts means the total amount earned by the named insured for the leasing or renting of "autos" to others without drivers.

Mileage means the total live and dead mileage of all "autos" you leased or rented to others without drivers.

Form Schedule – Commercial Auto

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CA P 006	1013	2013 Comml Auto Multistate Forms Rev Advisory Notice
CADS03	1013	Business Auto Declarations
Hired or Borrowed Auto Sche	0706	Schedule of Hired or Borrowed Covered Auto
CA0001	1013	Business Auto Coverage Form
CA0196	1013	Texas Changes
CA0243	1113	Texas Changes - Cancellation And Nonrenewal

Policy Number: PHPK1873507

Schedule Of Hired Or Borrowed Covered Auto Coverage And Premiums

<u>Coverage</u>	<u>State</u>	<u>Cost of Hire</u>	<u>Deductible</u>	<u>Rate</u>	<u>Premium</u>
Liability Coverage	TX	5,000		3.47500	\$ 174
				Total Premium -	\$ 174

Form Schedule – Cyber Security Liability

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-CYBE-001 TX	1215	Cyber Security Liability Endorsement

DECLARATIONS PAGE
DAY CARE ORGANIZATION PROFESSIONAL LIABILITY
VICARIOUS LIABILITY COVERAGE FORM

PLEASE READ THIS POLICY CAREFULLY.

POLICY NO. PHPK1873507

Effective date: 09/10/2018
12:01 A.M. Standard Time**LIMIT OF INSURANCE**

AGGREGATE LIMIT \$ 2,000,000

EACH PROFESSIONAL INCIDENT LIMIT \$ 1,000,000

BUSINESS DESCRIPTION

Form of Business: CORPORATION

Business Description: Day Care

PREMIUM: \$ 1,682.00

FORMS AND ENDORSEMENTS (Other than Applicable Forms and Endorsements Shown Elsewhere in the Policy.)

Forms and Endorsements Applying to this Coverage Part and Made Part of this Policy at Time of Issue:

SEE SCHEDULE

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS
CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Form Schedule – Professional Liability

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-DY-003D	0199	Declarations Page-Day Care Organization Prof Liability
PI-ARB-1	0403	Binding Arbitration
PI-DY-003	0199	Day Care Organization Professional Liability Coverage
PI-DY-TX-1	0999	Texas Changes Endorsement
PI-SO-006-TX	0697	Exclusion - Abuse and Molestation

PI-SO-008D (11-98)

**POLICY DECLARATIONS PAGE
SEXUAL OR PHYSICAL ABUSE OR MOLESTATION
VICARIOUS LIABILITY COVERAGE FORM**

PLEASE READ THIS POLICY CAREFULLY.

POLICY NO. PHPK1873507

Effective date: 09/10/2018
12:01 A.M. Standard Time

LIMIT OF INSURANCE		
AGGREGATE LIMIT	\$	1,000,000
EACH ABUSIVE CONDUCT LIMIT	\$	1,000,000
BUSINESS DESCRIPTION		
Form of Business: CORPORATION		
Business Description: Day Care		
FORMS AND ENDORSEMENTS (Other than Applicable Forms and Endorsements Shown Elsewhere in the Policy)		
Forms and Endorsements Applying to this Coverage Part and Made Part of this Policy at Time of Issue:		
SEE SCHEDULE		

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS
CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Form Schedule – Sexual or Physical Abuse or Molestation

Policy Number: PHPK1873507

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-SO-008D	1198	Policy Dec - Sexual or Physical Abuse or Molestation
PI-ARB-1	0403	Binding Arbitration
PI-SO-008	0199	Sexual or Physical Abuse or Molest Liab - Occurrence
PI-SO-013	0205	Employee Defense Coverage

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BELL ENDORSEMENT



One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS

The following is a summary of Limits of Liability or Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

COVERAGE	LIMITS OF INSURANCE
Conference Cancellation	\$25,000
Donation Assurance	\$50,000
Emergency Real Estate Consulting Fee	\$50,000
Fundraising Event Blackout	\$25,000
Identity Theft Expense	\$50,000
Image Restoration and Counseling	\$50,000
Key Individual Replacement Expenses	\$50,000
Kidnap Expense	\$50,000
Political Unrest	\$5,000 per employee: \$25,000 policy limit
Temporary Meeting Space Reimbursement	\$25,000
Terrorism Travel Reimbursement	\$50,000
Travel Delay Reimbursement	\$1,500
Workplace Violence Counseling	\$50,000

II. CONDITIONS

A. Applicability of Coverage

Coverage provided by your policy and any endorsements attached thereto is amended by this endorsement where applicable.

B. Limits of Liability or Limits of Insurance

1. When coverage is provided by this endorsement and another coverage form or endorsement attached to this policy, the greater limits of liability or limits of insurance will apply. In no instance will multiple limits apply to coverages which may be duplicated within this policy. Additionally, if this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same occurrence, offense, wrongful act, accident or loss, the maximum limits of liability or limits of insurance under all such coverage parts or policies combined shall not exceed the highest applicable limits of liability or limits of insurance under any one coverage part or policy.
2. Limits of liability or limits of insurance identified in Section I. **SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS** above are not excess of, but are in addition to the applicable Limits of Liability or Limits of Insurance stated in the Declarations.

C. Claim Expenses

Coverages provided herein are not applicable to the generation of claim adjustment costs by you; such as fees you may incur by retaining a public adjuster or appraiser.

III. ADDITIONAL COVERAGES

A. Conference Cancellation

We will reimburse the insured for any business-related conference expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend. The cancellation must be due directly to a "natural catastrophe" or a "communicable disease" outbreak that forces the cancellation of the conference.

With respect to a conference cancellation claim, it is further agreed as follows:

1. The insured employee must have registered for the conference at least thirty (30) days prior to the cancellation; and
2. The cancellation must be ordered by a local, state or federal Board of Health or other governmental authority having jurisdiction over the location of the conference.

The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

B. Donation Assurance

If the insured is a 501(c)(3) status non-profit organization as defined in the United States Internal Revenue Code, we will reimburse the insured for "failed donation claim(s)."

With respect to any "failed donation claim," it is further agreed as follows:

1. The donor must not have been in bankruptcy, nor have filed for bankruptcy or reorganization in the past seven (7) years prior to the time said pledge was made to the insured;
2. For non-cash donations, our payment of a "failed donation claim" shall be based on the fair market value of said non-cash donation at the time of the "failed donation claim";
3. In the case of unemployment or incapacitation of a natural person donor and as a condition of payment of the "failed donation claim":
 - a. Neither the natural person donor nor the insured shall have had reason to believe the donor would become unemployed or incapacitated subsequent to the donation date; and
 - b. The donor shall be unemployed for at least sixty (60) days prior to a claim being submitted by the insured;
4. No coverage shall be afforded for a written pledge of funds or other measurable, tangible property to the insured dated prior to the policy period; and
5. A donation amount which is to be collected by the insured over more than a twelve (12) month period shall be deemed a single donation.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

C. Emergency Real Estate Consulting Fee

We will reimburse the insured any realtor's fee or real estate consultant's fee necessitated by the insured's need to relocate due to the "unforeseeable destruction" of the insured's "principal location" listed in the Declarations during the policy period. The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

D. Fundraising Event Blackout

We will reimburse the insured for "fundraising expenses" that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage. The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

E. Identity Theft Expense

We will reimburse any present director or officer of the named insured for "identity theft expenses" incurred as the direct result of any "identity theft" first discovered and reported during the policy period; provided that it began to occur subsequent to the effective date of the insured's first policy with us. The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

F. Image Restoration and Counseling

We will reimburse the insured for expenses incurred for image restoration and counseling arising out of "improper acts" by any natural person.

Covered expenses are limited to:

1. The costs of rehabilitation and counseling for the accused natural person insured, provided the natural person insured is not ultimately found guilty of criminal conduct; this reimbursement to occur after acquittal of the natural person insured;
2. The costs charged by a recruiter or expended on advertising, for replacing an officer as a result of "improper acts"; and
3. The costs of restoring the named insured's reputation and consumer confidence through image consulting.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

G. Key Individual Replacement Expenses

We will pay "key individual replacement expenses" if the Chief Executive Officer or Executive Director suffers an "injury" during the policy period which results in the loss of life during the policy period. The limit of insurance for this coverage is the lesser of \$50,000 or ten (10) times the annual premium paid for this policy. No deductible applies to this coverage.

H. Kidnap Expense

We will pay on behalf of any director or officer of the insured, reasonable fees incurred as a result of the kidnapping of them or their spouse, "domestic partner," parent or child during the policy period. Coverage will not apply to any kidnapping by or at the direction of any present or former family member of the victim.

Reasonable fees will include:

1. Fees and costs of independent negotiators;
2. Interest costs for any loan from a financial institution taken by you to pay a ransom demand or extortion threat;
3. Travel costs and accommodations incurred by the named insured;
4. Reward money paid to an informant which leads to the arrest and conviction of parties responsible for loss covered under this insurance; and
5. Salary, commissions and other financial benefits paid by you to a director or officer. Such compensation applies at the level in effect on the date of the kidnap and ends upon the earliest of:
 - a. Up to thirty (30) days after their release, if the director or officer has not yet returned to work;
 - b. Discovery of their death;
 - c. One hundred twenty (120) days after the last credible evidence following abduction that they are still alive; or
 - d. Twelve (12) months after the date of the kidnapping.

The limit of insurance for this coverage is \$50,000 each policy period for all insureds combined.

No deductible applies to this coverage.

I. Political Unrest Coverage

We will reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for "emergency evacuation expenses" that are incurred as a result of an incident of "political unrest." This "political unrest" must occur during the policy period. No coverage is granted for travel to countries in a state of "political unrest" at the time of departure of the travel. The limit of insurance for this coverage is \$5,000 per covered person, subject to a maximum of \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

J. Temporary Meeting Space Reimbursement

We will reimburse the insured for rental of meeting space which is necessitated by the temporary unavailability of the insured's primary office space due to the failure of a climate control system, or leakage of a hot water heater during the policy period. Coverage will exist only for the renting of temporary meeting space required for meeting with parties who are not insured under this policy. The limit of insurance for this coverage is \$25,000 per policy period for all insureds combined. No deductible applies to this coverage.

K. Terrorism Travel Reimbursement

We will reimburse any present director or officer of the named insured in the event of a "certified act of terrorism" during the policy period which necessitates that he/she incurs "emergency travel expenses." The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

L. Travel Delay Reimbursement

We will reimburse any present director or officer of the named insured for any "non-reimbursable expenses" they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier. The limit of insurance for this coverage is \$1,500 per policy period for all insureds combined. A seventy-two (72) hour waiting period deductible applies to this coverage.

M. Workplace Violence Counseling

We will reimburse the insured for emotional counseling expenses incurred directly as a result of a "workplace violence" incident at any of the insured's premises during the policy period. The emotional counseling expenses incurred must have been for:

1. Your employees who were victims of, or witnesses to the "workplace violence";
2. The spouse, "domestic partner," parents or children of your employees who were victims of, or witnesses to the "workplace violence"; and
3. Any other person or persons who directly witnessed the "workplace violence" incident.

The limit of insurance for this coverage is \$50,000 per policy period for all insureds combined. No deductible applies to this coverage.

IV. DEFINITIONS

For the purpose of this endorsement, the following definitions apply:

- A.** “Certified act of terrorism” means any act so defined under the Terrorism Risk Insurance Act, and its amendments or extensions.
- B.** “Communicable disease” means an illness, sickness, condition or an interruption or disorder of body functions, systems or organs that is transmissible by an infection or a contagion directly or indirectly through human contact, or contact with human fluids, waste, or similar agent, such as, but not limited to Meningitis, Measles or Legionnaire’s Disease.
- C.** “Domestic partner” means any person who qualifies as a domestic partner under the provisions of any federal, state or local statute or regulation, or under the terms and provisions of any employee benefit or other program established by the named insured.
- D.** “Emergency evacuation expenses” mean:
1. Additional lodging expenses;
 2. Additional transportation costs;
 3. The cost of obtaining replacements of lost or stolen travel documents necessary for evacuation from the area of “political unrest”; and
 4. Translation services, message transmittals and other communication expenses.

provided that these expenses are not otherwise reimbursable.

- E.** “Emergency travel expenses” mean:
1. Hotel expenses incurred which directly result from the cancellation of a scheduled transport by a commercial transportation carrier, resulting directly from and within forty-eight (48) hours of a “certified act of terrorism”; and
 2. The increased amount incurred which may result from re-scheduling comparable transport, to replace a similarly scheduled transport canceled by a commercial transportation carrier in direct response to a “certified act of terrorism”;

provided that these expenses are not otherwise reimbursable.

- F.** “Failed donation claim” means written notice to the insured during the policy period of:
1. The bankruptcy or reorganization of any donor whereby such bankruptcy or reorganization prevents the donor from honoring a prior written pledge of funds or other measurable, tangible property to the insured; or
 2. The unemployment or incapacitation of a natural person donor preventing him/her from honoring a prior written pledge of funds or other measurable, tangible property to the insured.
- G.** “Fundraising expenses” mean deposits forfeited and other charges paid by you for catering services, property and equipment rentals and related transport, venue rentals, accommodations (including travel), and entertainment expenses less any deposits or other fees refunded or refundable to you.
- H.** “Identity theft” means the act of knowingly transferring or using, without lawful authority, a means of identification of any director or officer (or spouse or “domestic partner” thereof) of the named insured with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local

law.

I. “Identity theft expenses” mean:

1. Costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;
2. Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors; and
3. Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information.

J. “Improper acts” means any actual or alleged act of:

1. Sexual abuse;
2. Sexual intimacy;
3. Sexual molestation; or
4. Sexual assault;

committed by an insured against any natural person who is not an insured. Such “improper acts” must have been committed by the insured while in his or her capacity as an insured.

K. “Injury” means any physical damage to the body caused by violence, fracture or an accident.

L. “Key individual replacement expenses” mean the following necessary expenses:

1. Costs of advertising the employment position opening;
2. Travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and
3. Miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the applicants and legal expenses incurred to draw up an employment contract.

M. “Natural catastrophe” means hurricane, tornado, earthquake or flood.

N. “Non-reimbursable expenses” means the following travel-related expenses incurred after a seventy-two (72) hour waiting period, beginning from the time documented on the proof of cancellation, and for which your director or officer produces a receipt:

1. Meals and lodging;
2. Alternative transportation;
3. Clothing and necessary toiletries; and
4. Emergency prescription and non-prescription drug expenses.

O. “Political unrest” means:

1. A short-term condition of disturbance, turmoil or agitation within a foreign country that poses imminent risks to the security of citizens of the United States;
2. A long-term condition of disturbance, turmoil or agitation that makes a foreign country dangerous or unstable for citizens of the United States; or
3. A condition of disturbance, turmoil or agitation in a foreign country that constrains the United States Government's ability to assist citizens of the United States, due to the closure or inaccessibility of an embassy or consulate or because of a reduction of its staff

for which either an alert or travel warning has been issued by the United States Department of State.

- P.** "Principal location" means the headquarters, home office or main location where most business is substantially conducted.
- Q.** "Unforeseeable destruction" means damage resulting from a "certified act of terrorism," fire, collision or collapse which renders all of the insured's "principal locations" completely unusable.
- R.** "Workplace violence" means any intentional use of or threat to use deadly force by any person with intent to cause harm and that results in bodily "injury" or death of any person while on the insured's premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CRISIS MANAGEMENT ENHANCEMENT ENDORSEMENT

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

Solely for the purpose of this endorsement: 1) The words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. 2) The words "we," "us" and "our" refer to the company providing this insurance.

I. SCHEDULE OF ADDITIONAL COVERAGE AND LIMITS

The following is the Limit of Liability provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

Crisis Management Expense	\$25,000
---------------------------	----------

II. CONDITIONS

A. Applicability of Coverage

Coverage provided by your policy and any endorsements attached thereto is amended by this endorsement where applicable. All other terms and conditions of the policy or coverage part to which this endorsement is attached remain unchanged.

B. Limits of Liability or Limits of Insurance

When coverage is provided by this endorsement and any other coverage form or endorsement attached to this policy, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Liability or Limit of Insurance.

C. Claim Expenses

Coverages provided herein are not applicable to the generation of claim adjustment costs by you; such as fees you may incur by retaining a public adjuster or appraiser.

D. Duties in the Event of a Claim

Within 15 days after we receive written notice of claim, we will:

- (a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
- (b) Begin any investigation of the claim; and
- (c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

We will notify you in writing as to whether:

- (a) The claim or part of the claim will be paid;
- (b) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (c) More information is necessary; or
- (d) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in Paragraphs 2.(a) through 2.(d) above, within:

- (a) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (b) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

We will pay for covered loss or damage within five business days after:

- (a) We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- (b) An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

- 4. The term "business day", as used in the Duties in the Event of a Claim Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

III. ADDITIONAL COVERAGES

- A. We will reimburse you for "crisis management emergency response expenses" incurred because of an "incident" giving rise to a "crisis" to which this insurance applies. The amount of such reimbursement is limited as described in Section II. **CONDITIONS, B. Limits of Liability or Limits of Insurance**. No other obligation or liability to pay sums or perform acts or services is covered.
- B. We will reimburse only those "crisis management emergency response expenses" which are incurred during the policy period as shown in the Declarations of the policy to which this coverage is attached and reported to us within six (6) months of the date the "crisis" was initiated.

IV. DEFINITIONS

- A. "Crisis" means the public announcement that an "incident" occurred on your premises or at an event sponsored by you.
- B. "Crisis management emergency response expenses" mean those expenses incurred for services provided by a "crisis management firm." However, "crisis management emergency response expenses" shall not include compensation, fees, benefits, overhead, charges or expenses of any insured or any of your employees, nor shall "crisis management emergency response expenses" include any expenses that are payable on your behalf or reimbursable to you under any other valid and collectible insurance.
- C. "Crisis management firm" means any service provider you hire that is acceptable to us. Our consent will not be unreasonably withheld.
- D. "Incident" means an accident or other event, including the accidental discharge of pollutants, resulting in death or serious bodily injury to three or more persons.
- E. "Serious bodily injury" means any injury to a person that creates a substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any bodily member or organ.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

IL 00 21 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NUCLEAR ENERGY LIABILITY EXCLUSION
ENDORSEMENT**
(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

IL 01 68 03 12

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – DUTIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added to the **Duties** Condition:

We will notify the first Named Insured in writing of:

1. An initial offer to settle a claim made or "suit" brought against any insured ("insured") under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
2. Any settlement of a claim made or "suit" brought against the insured ("insured") under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

IL 02 75 11 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEXAS CHANGES – CANCELLATION AND
NONRENEWAL PROVISIONS FOR CASUALTY LINES
AND COMMERCIAL PACKAGE POLICIES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This endorsement also modifies insurance provided under the following when written as part of a Commercial Package Policy:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation Common Policy Condition is replaced by the following:**

2. We may cancel this policy:

- a.** By mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

However, if this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the first Named Insured 30 days before the effective date of cancellation. We will also provide 30 days' written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to us.

b. For the following reasons, if this policy does not provide coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001 or on one- and two-family dwellings:

(1) If this policy has been in effect for 60 days or less, we may cancel for any reason except that, under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

(2) If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:

- (a) Fraud in obtaining coverage;
- (b) Failure to pay premiums when due;
- (c) An increase in hazard within the control of the insured which would produce an increase in rate;
- (d) Loss of our reinsurance covering all or part of the risk covered by the policy; or
- (e) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

c. For the following reasons, if this policy provides coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001 or on one- and two-family dwellings:

(1) If this policy has been in effect for less than 90 days, we may cancel coverage for any reason.

(2) If this policy has been in effect for 90 days or more, or if it is a renewal or continuation of a policy issued by us, we may cancel coverage, only for the following reasons:

- (a) If the first Named Insured does not pay the premium or any portion of the premium when due;
- (b) If the Texas Department of Insurance determines that continuation of this policy would result in violation of the Texas Insurance Code or any other law governing the business of insurance in Texas;

(c) If the Named Insured submits a fraudulent claim; or

(d) If there is an increase in the hazard within the control of the Named Insured which would produce an increase in rate.

B. The following condition is added and supersedes any provision to the contrary:

Nonrenewal

1. We may elect not to renew this policy except that, under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

2. This paragraph, 2., applies unless the policy qualifies under Paragraph 3. below.

If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to:

- a. The first Named Insured; and
- b. Each unit-owner to whom we issued a certificate or memorandum of insurance.

We will mail or deliver such notice to each last mailing address known to us.

4. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

IL 09 52 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

TEXAS POLICYHOLDER NOTICE

The Philadelphia Indemnity Insurance Company
has recently bound your commercial auto, general liability, or professional liability
insurance policy. We look forward to serving both your underwriting and loss
control needs and expectations while being insured with
Philadelphia Indemnity Insurance Company.

Philadelphia Indemnity Insurance Company is required to inform
its policyholders of certain risk management services available **as required
under provisions of Articles 5.06-4, 5.15-2,3 of the Texas Insurance Code
(TIC)**. These services include loss control surveys, location specific risk
assessments and consultations, recommendation reporting, technical loss control
training materials, and on-site safety training. In addition, the risk management
program includes guidelines for the following areas:

- A. Safety Measures, including, as applicable, the following areas:
 - 1. Fleet and general liability safety practices
 - 2. Accidental occurrences
 - 3. Fire hazards and fire prevention and detection
 - 4. Liability for acts from the course of business
 - 5. Slip and fall hazards
 - 6. Product Injury
 - 7. Hazards unique to a particular class of policyholders
- B. Insured training in safety management techniques
- C. Safety management counseling services

Additional safety and risk management information is also available via the
internet at www.phly.com. Please register with your account information to
obtain immediate access.

If you would like additional information about our Loss Control services, please
call the Philadelphia Indemnity Insurance Company Loss Control
Department at (800) 873-4552 opt. #4. If you have any questions about this
requirement, you may call the Texas Department of Insurance at 800 578-4677.

Policy Number: PHPK1873507Named Insured: Montessori Children's House**PHILADELPHIA
INSURANCE COMPANIES**

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com**PHILADELPHIA INSURANCE COMPANIES
DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE REJECTION OPTION**

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. *As defined in Section 102(1) of the Act:* The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 and 80% BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS’ LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Your attached proposal (or policy) includes a charge for terrorism. We will issue (or have issued) your policy with terrorism coverage unless you decline by placing an “X” in the box below.

NOTE 1: If “included” is shown on your proposal (or policy) for terrorism you WILL NOT have the option to reject the coverage.

NOTE 2: You will want to check with entities that have an interest in your organization as they may require that you maintain terrorism coverage (e.g. mortgagees).

EXCEPTION: If you have property coverage on your policy, the following Standard Fire Policy states do not permit an Insured to reject fire ensuing from terrorism: CA, CT, GA, HI, IA, IL, MA, ME, MO, NJ, NY, NC, OR, RI, VA, WA, WV, WI. Therefore, if you are domiciled in the above states and reject terrorism coverage, you will still be charged for fire ensuing from terrorism as separately designated on your proposal.

	I decline to purchase terrorism coverage. I understand that I will have no coverage for losses arising from “certified” acts of terrorism, EXCEPT as noted above.
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You, as the Insured, have 30 days after receipt of this notice to consider the selection/rejection of “terrorism” coverage. After this 30 day period, any request for selection or rejection of terrorism coverage WILL NOT be honored.

REQUIRED IN GA – LIMITATION ON PAYMENT OF TERRORISM LOSSES (applies to policies which cover terrorism losses insured under the federal program, including those which only cover fire losses)

The provisions of the Terrorism Risk Insurance Act, as amended, can limit our maximum liability for payment of losses from certified acts of terrorism. That determination will be based on a formula set forth in the law involving the national total of federally insured terrorism losses in an annual period and individual insurer participation in payment of such losses. If one or more certified acts of terrorism in an annual period causes the maximum liability for payment of losses from certified acts of terrorism to be reached, and we have satisfied our required level of payments under the law, then we will not pay for the portion of such losses above that maximum. However, that is subject to possible change at that time, as Congress may, under the Act, determine that payments above the cap will be made.

INSURED'S SIGNATURE _____
DATE _____

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

 - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.
- The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
 - (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
 - (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.
- f. Electronic Data**
- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

- h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

- (1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:
- (a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

- (2)** Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.
- (2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2: \$ 30,000

Personal Property at Location 2: \$ 20,000
\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F**. Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations – does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,
 that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 150,000
 The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 200,000
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000
 The fraction shown in the Declarations for this Optional Coverage is: 1/4
 The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
 (\$120,000 x 1/4 = \$30,000)
 If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<u>\$ 90,000</u>

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<u>\$ 80,000</u>

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example

When: The Limit of Insurance is: \$ 100,000
 The Agreed Value is: \$ 200,000
 The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY**COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY
CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part is replaced by the term Policy.

B. Legal Action Against Us

1. The **Legal Action Against Us** Commercial Property Condition is replaced by the following, except as provided in **B.2.** below:

Legal Action Against Us

a. Except as provided in Paragraph **b.**, no one may bring a legal action against us under this Coverage Part unless:

- (1)** There has been full compliance with all of the terms of this Coverage Part; and
- (2)** The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

b. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, no one may bring a legal action against us under this Coverage Part unless:

- (1)** There has been full compliance with all the terms of this Coverage Part; and
- (2)** The action is brought within the earlier of the following:
 - (a)** Two years and one day from the date we accept or reject the claim; or
 - (b)** Three years and one day from the date of the loss or damage that is the subject of the claim.

2. Paragraph **B.1.** above does not apply to the Legal Action Against Us Loss Condition in the Legal Liability Coverage Form **CP 00 40**.

C. Appraisal

1. Except as provided in **C.2.** below, the **Appraisal** Loss Condition in the:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM;
BUILDERS RISK COVERAGE FORM;
CONDOMINIUM ASSOCIATION COVERAGE FORM;
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;
EXTRA EXPENSE COVERAGE FORM;
LEASEHOLD INTEREST COVERAGE FORM;
TOBACCO SALES WAREHOUSES COVERAGE FORM; and
STANDARD PROPERTY POLICY

is replaced by the following:

Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a.** Pay its chosen appraiser; and
- b.** Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a.** You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b.** We will still retain our right to deny the claim.

2. The Appraisal Condition in the:

BUSINESS INCOME (AND EXTRA
EXPENSE) COVERAGE FORM; and
BUSINESS INCOME (WITHOUT EXTRA
EXPENSE) COVERAGE FORM

is replaced by the following:

Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense and the amount of loss.

If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

D. Under the Duties In The Event Of Loss Or Damage Loss Condition:

- a. Paragraph a.(2) is replaced by the following:

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved. However, with respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss or damage that is the subject of the claim, except that a claim may be filed after the first anniversary of the date of the loss or damage for good cause shown by the person filing the claim.

- b. The provision requiring signed, sworn proof of loss is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.

- E. Under the Loss Payment Condition, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:

1. Claims Handling

- a. Within 15 days after we receive written notice of claim, we will:

- (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
- (2) Begin any investigation of the claim; and
- (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

- b. We will notify you in writing as to whether:

- (1) The claim or part of the claim will be paid;
- (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (3) More information is necessary; or
- (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in b.(1) through b.(4) above, within:

- (1) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (2) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

2. We will pay for covered loss or damage within five business days after:

- a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

The following paragraphs are added:

3. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **E.1.** and **E.2.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- a. Is declared a disaster under the Texas Disaster Act of 1975; or
- b. Is determined to be a catastrophe by the State Board of Insurance.

4. The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

F. The following is added to the **Valuation** Loss Condition:

Chapter 862 – Subsection 862.053. Policy A Liquidated Demand. A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. This subsection does not apply to personal property.

G. Paragraphs **d.** and **f.** of the **Mortgageholders** Additional Condition are replaced by the following:

- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

f. If this policy is cancelled, we will give the mortgageholder named in the Declarations written notice of cancellation.

If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 14 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the mortgageholder notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

H. The following is added to Paragraph **D.1.** in the **Duties In The Event Of Accident, Claim Or Suit** Loss Condition in the Legal Liability Coverage Form:

We will notify the first Named Insured in writing of:

- 1. An initial offer to settle a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
- 2. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

COMMERCIAL PROPERTY
CP 01 63 10 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEXAS – MODIFIED LIMITATIONS ON FUNGUS,
WET ROT, DRY ROT AND BACTERIA**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

- A.** The exclusion titled "Fungus", Wet Rot, Dry Rot And Bacteria and the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria are deleted.

- B.** The following exclusion is added:

We will not pay for loss or damage caused by or resulting from "fungus", wet or dry rot or bacteria. However, when "fungus" or wet or dry rot is a consequence of a Covered Cause of Loss, we will pay for the loss or damage caused by the "fungus" or wet or dry rot, provided such loss or damage is not otherwise excluded under this policy. This exception to the exclusion does not increase the Limit of Insurance on the affected property.

POLICY NUMBER: PHPK1873507

COMMERCIAL PROPERTY
CP 03 20 10 92**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****MULTIPLE DEDUCTIBLE FORM****(FIXED DOLLAR DEDUCTIBLES)**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE *

The Deductibles applicable to any one occurrence are shown below:

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss **
00001	ALL	\$1,000	(2)

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

** For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss **except** Windstorm or Hail
- (3) All Covered Causes of Loss **except** Theft
- (4) All Covered Causes of Loss **except** Windstorm or Hail and Theft
- (5) Windstorm or Hail
- (6) Theft

The following is added to the DEDUCTIBLE section:

- A.** In the event that loss or damage occurs to Covered Property at more than one building location as a result of one occurrence, the largest applicable deductible for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply.
- B.** The terms of this endorsement do not apply to any Earthquake Deductible or to any Windstorm or Hail Percentage Deductible provided elsewhere in this policy.

POLICY NUMBER: PHPK1873507

COMMERCIAL PROPERTY
CP 03 21 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
 BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY
 TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
00001	00001	1 %

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

**WINDSTORM OR HAIL DEDUCTIBLE
CALCULATIONS****A. Calculation Of The Deductible – All Policies**

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property; and
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

Examples – Application Of Deductible

Example 1 – Specific Insurance (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1): $\$70,000 \div \$80,000 = .875$

Step (2): $\$60,000 \times .875 = \$52,500$

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

Example 2 – Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

Example 3 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$20,000 (Building 2).

The Deductible is 2%.

Building 1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Building 2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

Example 4 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

Building

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

Personal Property

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- (7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
 - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

(b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

- b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c.** Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
- of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
 - (a) Paragraph **B.1.a.** Ordinance Or Law;
 - (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
- b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c.** \$2,500 for patterns, dies, molds and forms.
- d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a.** Results in discharge of any substance from an automatic fire protection system; or
- b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;
 - h. Retaining walls; and
 - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EQUIPMENT BREAKDOWN PROTECTION ENDORSEMENT

This endorsement modifies insurance provided under the following:
PROPERTY COVERAGE PART

EQUIPMENT BREAKDOWN PROTECTION SCHEDULE

Premises: This endorsement applies to all Covered Premises specified elsewhere in this Policy.

Coverages, Limits of Insurance and Options: Insurance under this Endorsement applies only to coverages as set forth below.

COVERAGE	LIMIT OF INSURANCE
Limit per One Breakdown	The sum of Building, Business Personal Property, Business Income and Extra Expense Limit of Insurance at Covered Locations as per the Property Coverage Part Declarations.
Property Damage	The sum of Building and Business Personal Property Limit of Insurance at Covered Locations as per the Property Coverage Part Declarations
Business Income	The Business Income Limit of Insurance at Covered Locations as per the Property Coverage Part Declarations.
Business Income "Period of Restoration"	Per the Business Income Coverage Form
Extra Expense	The Extra Expense Limit of Insurance at Covered Locations as per the Property Coverage Part Declarations.
Spoilage Damage (including Utility Interruption-Spoilage Damage) • Coverage for Utility Interruption-Spoilage Damage applies only if interruption lasts at least:	\$100,000 8 hours
Utility Services – Time Element • Coverage applies only if interruption lasts at least:	Included in the Business Income Limit of Insurance per the Property Coverage Part Declarations. 8 hours
Civil Authority	4 weeks
"Data" or "Media"	\$100,000
"Diagnostic Equipment"	\$250,000 maximum Limit of Insurance for any single piece of equipment
Expediting Expense	\$250,000
Extended "Period of Restoration"	Included in Business Income "Period of Restoration"
"Fungus", Wet Rot, Dry Rot and Bacteria • Property Damage • Business Income and Extra Expense	As per the Covered Causes of Loss Form 30 Days
Newly Acquired or Constructed Property • Buildings • Business Personal Property	As per the Building and Business Personal Property Coverage Form and any additional form that modifies this coverage Limit of Insurance.
Ordinance or Law (Including Demolition and Increased Cost of Construction)	As per the Building and Business Personal Property Coverage Form and any additional form that modifies this coverage Limit of Insurance
Pollutant Clean Up and Removal	\$100,000

Refrigerant Contamination	\$100,000
Time Element from Dependent Properties	\$250,000
Water Damage	\$100,000

OPTIONAL EQUIPMENT COVERAGE	
Power Generating Equipment	<input checked="" type="checkbox"/> Included subject to a maximum of: <ul style="list-style-type: none"> \$1,000,000 Building and Personal Property; and \$500,000 Business Income and Extra Expense Limit of Insurance <input type="checkbox"/> Excluded

COVERAGE	DEDUCTIBLES
Property Damage	Per the Property Coverage Part Declarations
Business Income	Per the Property Coverage Part Declarations
Extra Expense	Per the Property Coverage Part Declarations
Spoilage Damage (including Utility Interruption-Spoilage Damage)	Included in the Building and Business Personal Property Deductible
Utility Interruption-Time Element	24 hours
Refrigerant Contamination:	Included in the Building and Business Personal Property Deductible
Time Element from Dependent Properties	Included in the Business Income Deductible
Other: <ul style="list-style-type: none"> Civil Authority and "Fungus", Wet Rot, Dry Rot Business Income and Extra Expense "Data" or "Media"; "Diagnostic Equipment"; Expediting Expense; "Fungus", Wet Rot, Dry Rot and Bacteria Property Damage; Newly Acquired or Constructed Property; Ordinance or Law (including Demolition and Increased Cost of Construction); Pollutant Clean Up and Removal; and Water Damage 	<ul style="list-style-type: none"> Included in the Business Income Deductible Included in Property Damage (Building and Business Personal Property) Deductible

ADDITIONAL COVERAGE EXTENSION, RESTRICTIONS, SPECIAL PROVISIONS:

The following definition is added to section F. DEFINITIONS:

"Perishable Goods" means any "Covered Property" that is maintained under controlled conditions for its preservation and that is susceptible to loss or damage if the controlled conditions change.

A. COVERAGE

As respects coverage provided under this Policy, the following coverage is added:

1. Equipment Breakdown Protection

Property Damage

We will pay for direct physical damage to "Covered Property" located at the Covered Premises described in the Equipment Breakdown Protection Schedule resulting from a "Breakdown" to "Covered Equipment".

The most we will pay is the Limit of Insurance for Property Damage indicated in the Equipment Breakdown Protection Schedule.

2. Coverage Extensions. As respects coverage provided under this Equipment Breakdown Protection Endorsement only, the following is added:

You may extend the insurance provided by this Equipment Breakdown Protection Endorsement as follows. If coverage is selected on the Equipment Breakdown Protection Schedule, the most we will pay under these Coverage Extensions are the Limits of Insurance in such Schedule. These limits are a part of and not in addition to the total "Limit per One Breakdown".

These coverages apply only to that portion of the loss or damage that is a direct result of a "Breakdown" to "Covered Equipment" that is not excluded elsewhere in this Policy or this Equipment Breakdown Protection Endorsement.

If any of the following Coverage Extensions are selected, the Limit of Insurance identified for the applicable coverage extension shown in the Equipment Breakdown Protection Endorsement shall replace any limit as may be found elsewhere in this Policy with regard to coverage provided under this Endorsement only.

a. Business Income

If Business Income is selected in the Equipment Breakdown Protection Schedule, coverage for Business Income as provided elsewhere in this Policy is extended to include loss and expense resulting from a "Breakdown" to "Covered Equipment".

b. Extra Expense

If Extra Expense is selected in the Equipment Breakdown Protection Schedule, coverage for Extra Expense as provided elsewhere in this Policy is extended to include loss and expense resulting from a "Breakdown" to "Covered Equipment".

c. Spoilage Damage

We will pay for:

(1) Spoilage damage to "Perishable Goods".

(2) Utility Interruption – Spoilage

Spoilage damage to "Perishable Goods" that is caused by or results from an interruption in utility services that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with any of the following services: air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.

The interruption of such utility service to your Covered Premises must last at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will then be subject to the applicable deductible.

(3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension. As respects spoilage damage caused by a "Breakdown" to "Covered Equipment" only, coverage provided under this Coverage Extension supersedes any other Spoilage coverage provided elsewhere in this policy.

d. Utility Services – Time Element

If Utility Services – Time Element coverage is included under this Equipment Breakdown Protection Endorsement and Business Income and/or Extra Expense is also covered under this Endorsement, the selected coverage(s) are extended to include loss resulting from the interruption of utility services provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which you receive; and
- (2) The "Covered Equipment" is used to supply air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment to your Premises; and
- (3) The interruption of utility service to your Covered Premises lasts at least the consecutive period of time shown in the Equipment Breakdown Protection Schedule.

e. Civil Authority

If Civil Authority is selected in the Equipment Breakdown Protection Schedule, coverage for Civil Authority as provided elsewhere in this Policy is extended to include loss and expense resulting from a "Breakdown to "Covered Equipment".

f. "Electronic Data" Or "Media" Coverage

If:

- (1) you purchase "Data" or "Media" coverage under this Equipment Breakdown Protection Endorsement; and
- (2) you have selected coverage for Business Income and/or Extra Expense under this Endorsement; and
- (3) "Media" is damaged or "Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment";

we will pay your actual loss of "Business Income" and/or your "Extra Expenses" during the time necessary to:

- (i) Research, recreate, replace or restore the damaged "Media" or lost or corrupted "Data"; and
- (ii) Reprogram instructions used in any covered "Computer Equipment".

There shall be no coverage for any "Data" or "Media" that cannot be replaced, recreated, or restored.

The most we will pay under this Coverage Extension for "Business Income" and/or your "Extra Expense" incurred is the Limit of Insurance indicated for "Data" or "Media" coverage in the Equipment Breakdown Protection Schedule.

g. Expediting Expense

With respect to your damaged "Covered Property", we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

h. Extended "Period of Restoration"

The "Period of Restoration is extended by the number of consecutive days indicated in the Equipment Breakdown Protection Schedule.

i. "Fungus", Wet Rot, Dry Rot and Bacteria – Limited Coverage

Coverage for Limited Coverage – "Fungus" Wet Rot, Dry Rot and Bacteria as provided elsewhere in this policy is extended to include loss or expense resulting from a "Breakdown" to "Covered Equipment".

j. Newly Acquired or Constructed Property

If Newly Acquired or Constructed Property is selected in the Equipment Breakdown Protection Schedule, coverage for Newly Acquired or Constructed Property as provided elsewhere in this Policy is extended to loss and expense resulting from a "Breakdown" to "Covered Equipment".

k. Ordinance or Law (Including Demolition and Increased Cost of Construction)

If Ordinance or Law (Including Demolition and Increased Cost of Construction) is selected in the Equipment Breakdown Protection Schedule, coverage for Ordinance or Law (Including Demolition and Increased Cost of Construction) as provided elsewhere in this Policy is extended to include loss and expense resulting from a "Breakdown" to "Covered Equipment".

l. Pollutant Clean Up and Removal

If "Covered Property", including land or water owned by you at a described premises, is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for any additional expenses incurred by you for clean-up, repair, replacement or disposal of the affected "Covered Property".

As used here, additional expenses means the additional cost incurred over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

Ammonia is not considered to be a "Hazardous Substance" as respects this limitation.

If you have selected "Business Income" and/or "Extra Expense" coverages under this Equipment Breakdown Protection Endorsement, we will also pay for any loss of "Business Income" or "Extra Expense" caused by such damage, contamination or pollution.

The maximum we will pay for damage to "Covered Property", "Business Income" and/or "Extra Expense" under this Coverage Extension shall be the Limit of Insurance indicated in the Equipment Breakdown Protection Schedule for Pollutant Clean Up and Removal.

m. Refrigerant Contamination

If "Covered Property" is contaminated by a refrigerant, including ammonia, as a direct result of a "Breakdown" to "Covered Equipment", we will pay for this kind of damage, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.

n. Time Element from Dependent Property

If Time Element from Dependent Property is selected in the Equipment Breakdown Protection Schedule, coverage for Time Element from Dependent Property as provided elsewhere in this Policy is extended to include loss and expense resulting from a "Breakdown" to "Covered Equipment".

o. Water Damage

If "Covered Property" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment" we will pay for this kind of damage, including salvage expense.

B. EXCLUSIONS

1. As respects coverage provided under this Equipment Breakdown Protection Endorsement only, Exclusions B.2.a; B.2.d.(6); B.2.e. and Limitations C.1.a. and C.1.b. of the Causes Of Loss Form attached to this policy are deleted.

2. The following exclusions are added as respects coverage provided under this Equipment Breakdown Protection Endorsement only.
- We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- a. "Breakdown" resulting from or caused by capsizing, collapse, collision, upset or overturning of any mobile "Covered Equipment", the vehicle or floating vessel by which the mobile "Covered Equipment" is transported or the platform or other base on which the mobile "Covered Equipment" is positioned.
 - b. Depletion, deterioration, corrosion, erosion, wear and tear, and rust. However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded.
 - c. Earth Movement including, but not limited to, earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; or volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.
 - d. An explosion. However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of the following kind:
 - (1) Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
 - (2) Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.
 - e. Fire, including smoke, and water or other means used to extinguish a fire even when the attempt is unsuccessful.
 - f. "Fungus", wet rot and dry rot, and bacteria except as provided under Coverage Extensions, i. "Fungus", Wet Rot, Dry Rot and Bacteria – Limited Coverage
 - g. Specified Perils
Loss caused by or resulting from: aircraft; civil commotion; collapse; combustion explosion; freezing caused by cold weather; hail; impact of aircraft, missile or vehicle; lightning; molten material; objects falling from aircraft or missiles; riot; smoke; vandalism; vehicles; weight of snow, ice or sleet; or windstorm.
However, we will pay for a "Breakdown" to "Covered Equipment" if one of the perils listed above occurs away from the Covered Premises described in the Equipment Breakdown Protection Schedule, and causes an electrical surge or other electrical disturbance that comes through utility transmission lines, if such electrical surge or disturbance is not covered elsewhere in this Policy.
 - h. Testing
Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".
 - i. Water
 - (1) Flood, surface water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (2) Mudflow or mudslides; or
 - (3) Water damage caused by backup of sewers, drains, or drainage piping.all whether naturally occurring or due to manmade or other artificial causes.
However, we will pay the expenses you incur to dry out electrical "Covered Equipment" resulting from such causes of loss. We will not pay for any other resulting loss or expense.

- j. Water damage caused by the discharge or leakage of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Breakdown" to "Covered Equipment". The most we will pay for such water damage is the Limit of Insurance shown in the Equipment Breakdown Protection Schedule for Water Damage.
- k. With respect to Business Income, Extra Expense or Utility Services-Time Element coverages, the following additional exclusions will apply:
 - (1) The business that would not or could not have been carried on if the "Breakdown" had not occurred; or
 - (2) Your failure to use due diligence and dispatch to operate your business on as nearly normal a basis as practicable at the Covered Premises shown in the Equipment Breakdown Protection Schedule; or
 - (3) The suspension, lapse or cancellation of a contract following a "Breakdown" to "Covered Equipment" extending beyond the time business could have resumed if the contract had not lapsed, been suspended or cancelled.
- l. With respect to Utility Services-Spoilage and Utility Services-Time Element coverages, the following additional exclusions will apply:
 - (1) Acts of sabotage;
 - (2) Deliberate act(s) of load shedding by the supplying or distributing utility.

C. LIMITS OF INSURANCE

As respects coverage provided under this Endorsement only, the following is added:

- 1. The most we will pay for loss and expense arising from any "One Breakdown" is the amount shown as the "Limit per One Breakdown" in the Equipment Breakdown Protection Schedule. This limit applies to all coverages under Section A – Coverage, including Coverage Extensions.
- 2. The Limit of Insurance under each of the Coverage Extensions for loss or expense arising from any "One Breakdown" is the amount shown in the Equipment Breakdown Protection Schedule for the applicable Coverage Extension. If two or more limits apply to the same portion of a loss the most we will pay is the smallest applicable Limit of Insurance.
- 3. The most we will pay for physical damage caused by a "Breakdown" to "Diagnostic Equipment" is \$250,000 for any single piece of equipment, unless another Limit is shown in the Equipment Breakdown Protection Schedule. This limit is part of, not in addition to, the Property Damage Limit shown in the Equipment Breakdown Protection Schedule.

D. DEDUCTIBLES

As respects coverage provided under this Endorsement only, the following shall apply:

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Equipment Breakdown Protection Schedule. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A deductible is shown as Combined for any of the coverages in the Equipment Breakdown Protection Schedule, then we will first subtract the combined deductible amount from the aggregate amount of any loss to which the combined deductible applies; or

- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, shall apply to each of the applicable coverages.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Equipment Breakdown Protection Schedule, we will first subtract the deductible amount from a loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Equipment Breakdown Protection Schedule, the deductible will be calculated as the sum of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Equipment Breakdown Protection Schedule, we will not be liable for any loss under that coverage that occurs during the specified time period immediately following a "Breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

d. Multiple of Daily Value Deductible

If a multiple of daily value is shown in the Equipment Breakdown Protection Schedule, this deductible will be calculated as follows:

- (1) For the entire Covered Premises where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration" had no "Breakdown" taken place.
- (2) Divide the result in Paragraph (1) by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (3) Multiply the daily value in Paragraph (2) by the number of daily value multiples shown in the Equipment Breakdown Protection Schedule. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Equipment Breakdown Protection Schedule, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) insured under the applicable coverage.

f. Minimum Or Maximum Deductible

- (1) If a minimum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule; and the dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is less than the Minimum Deductible, then the Minimum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.
- (2) If a maximum dollar amount deductible is shown in the Equipment Breakdown Protection Schedule; and the dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible; then the Maximum Deductible amount shown in the Equipment Breakdown Protection Schedule will be the applicable deductible.

E. CONDITIONS

As respects coverage provided under this Equipment Breakdown Protection Endorsement only, the following shall apply:

1. Jurisdictional Inspection

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

- (1) You have notified us of equipment that is insured under this Coverage Part and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

2. Suspension:

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this Equipment Breakdown Protection Endorsement. We will deliver or mail a written notice of suspension to your last known address or the address where the "Covered Equipment" is located.

Once suspended in this way, your coverage can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your coverage, you will get a pro rata refund of premium for that "Covered Equipment". But the suspension will be effective even if we have not yet made or offered a refund.

3. Valuation

- a. We will pay the amount you spend to repair or replace "Covered Property" with other property of like kind, quality and capacity if such "Covered Property" is directly damaged by a "Breakdown" to "Covered Equipment". Our payment will be the smallest of:

- (1) The cost to repair the damaged property; or
- (2) The cost to replace the damaged property; or
- (3) The amount you actually spend that is necessary to repair or replace the damaged property.

But we will not pay for such damaged property that is obsolete or useless to you.

- b. New Generation

If "Covered Equipment" cannot be repaired or the cost to repair is more than the cost to replace, and the damage to the "Covered Equipment" equals or exceeds 100% of the actual cash value of the "Covered Equipment", you may choose to apply the following provision.

New Generation Coverage – If you want to replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity, we will pay up to 25% more than "Covered Equipment" of like kind, quality and capacity would have cost at the time of the "Breakdown".

- c. Except for New Generation Coverage, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a larger capacity.

- d. Brands and Labels

- (1) If branded or labeled merchandise that is "Covered Property" is damaged by a "Covered Cause of Loss", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

- (a) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (b) Remove the brands or labels if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

- (2) We will pay the reasonable cost you incur to perform the activities described in paragraphs E.3.d.(1) (a) and (b) above.

However, if costs identified in paragraphs E.3.d.(1)(a) and (b) above are incurred as a result of damage as covered under the Hazardous Substance, Refrigerant Contamination or Water

Damage coverage extensions, such costs will be a part of, not in addition to, the respective limits shown in the Equipment Breakdown Protection Schedule for the applicable coverage extension.

- e. **Pair, Sets or Parts**
As otherwise provided in this Policy.
- f. **Spoilage Damage**
We will determine the value of "Covered Property" under Spoilage Damage Coverage as follows:
 - (1) For raw materials, the replacement cost;
 - (2) For goods in process, the replacement cost of the raw materials, the labor extended and the proper proportion of overhead charges; and
 - (3) For finished goods, the selling price, as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had.
- g. **Selling Price**
Selling price valuation as otherwise provided in this Policy shall apply, except as specified in E.3.f. above.
- h. **Warranty and Service Contract**
If any damaged "Covered Property", that is intended for your use, is protected by an extended warranty, or maintenance or service contract; and that warranty or contract becomes void or unusable due to a "Breakdown"; we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

F. DEFINITIONS

As respects coverage provided under this Endorsement only, the following are added:

- 1. "Breakdown"
 - a. "Breakdown" means the following direct physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:
 - (1) Electrical failure including arcing;
 - (2) Failure of pressure or vacuum equipment; or
 - (3) Mechanical failure including rupture or bursting caused by centrifugal force;unless such loss or damage is otherwise excluded within this Policy or any Endorsement forming a part of this Policy.
 - b. "Breakdown" does not mean or include:
 - (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
 - (2) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts;
 - (3) Damage to any vacuum tube, gas tube, or brush;
 - (4) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Data", "Media" and/or programs including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
 - (5) Functioning of any safety or protective device;
 - (6) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
 - (7) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification.

2. "Computer Equipment" means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include "Data" or "Media".
3. "Computer Programs" means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
4. "Covered Equipment"
 - a. "Covered Equipment" means any:
 - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment";
 - (2) Communication equipment and "Computer Equipment";
 - (3) Fiber optic cable; or
 - (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.
 - b. "Covered Equipment" does not mean or include any:
 - (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
 - (2) Catalyst;
 - (3) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
 - (4) Equipment or any part of equipment manufactured by you for sale.
 - (5) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
 - (6) Insulating or refractory material;
 - (7) "Media";
 - (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
 - (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
 - (10) "Power Generating Equipment", unless shown as Included in the Equipment Breakdown Protection Schedule;
 - (11) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
 - (12) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment" including penstock, draft tube or well casing;
 - (13) Vehicle, aircraft, self-propelled equipment or floating vessel, including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.
5. "Covered Property", as used in this Endorsement only, means any property that you own, or is in your care, custody or control and for which you are legally liable, while located at the Covered Premises described in the Equipment Breakdown Protection Schedule.

"Covered Property" does not mean live mammals, fish, birds, reptiles or insects. It also does not mean eggs intended to become live mammals, fish, birds, reptiles or insects.

6. "Diagnostic Equipment" means any machine or apparatus (other than astronomical telescopes, cyclotron, nuclear reactor or particle accelerator) used solely for research, diagnosis, medical, surgical, therapeutic, dental or pathological purposes.
7. "Electronic Data" means information, facts or "Computer Programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.
8. "Hazardous Substance" means any substance, other than ammonia, that has been declared to be hazardous to health by a governmental agency.
9. "Media" means electronic data processing or storage material such as films, tapes, discs, drums or cells. However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".
10. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown".
All "Breakdowns" at any one location that manifest themselves at the same time and are the result of the same cause will be considered "One Breakdown". If an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown".
11. "Period of Restoration" means the period of time that:
 - (a) Begins at the time of the "Breakdown"; and
 - (b) Ends when the damaged property at the Covered Premises described in the Schedule above could have been repaired or replaced with reasonable speed and similar quality.
12. "Power Generating Equipment" means any pressure, mechanical or electrical equipment, machinery, apparatus used in, or associated with, the generation of electric power; but it does not include emergency power generating equipment less than or equal to 1000kw in capacity.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN PROTECTION ENDORSEMENT

The following is added to A 2. Coverage Extensions

o. Defense

If a claim or "suit" is brought against you alleging that you are liable for damage to property of another in your care, custody or control, that was directly caused by an "accident" to an "object," we will either:

- (1) Settle the claim or "suit"; or
- (2) Defend you against the claim or "suit," but keep for ourselves the right to settle it at any point.

p. Supplementary Payments

We will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur;
- (2) The cost of bonds to release attachments, but only for bond amounts within the Limit of Insurance. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$100 a day because of time off from work;
- (4) All costs taxed against you in any "suit" we defend;
- (e) Pre-judgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any pre-judgment interest based on that period of time after the offer; and
- (5) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance shown in the Declarations.

These payments will not reduce the Limit of Insurance.

Exclusion B.f. is deleted and replaced by the following:

- f. Depletion, deterioration, corrosion, erosion, wear and tear, rust, fungus, decay, wet or dry rot, or mold. However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded. In addition if mold or fungus is the result of a Covered Cause of Loss, we will pay for the loss or damage by mold or fungus, but the most we will pay for such loss or damage is \$25,000. Of the \$25,000 amount, \$5,000 is available for testing to confirm the presence of mold or fungus.

The following is added to E. Conditions:

4. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- (a) There has been full compliance with all the terms of this Coverage Part; and
- (b) The action is brought within 2 years after the date of the "accident"; or
- (c) We agree in writing that you have an obligation to pay for damage to Covered Property of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to

determine your liability.

5. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of an obligation under this Coverage Part.

The following Definition is added to this coverage:

14. "Suit" means a civil proceeding and includes:

- a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.

Definition F 1. is deleted and replaced with the following:

b. "Breakdown does not mean or include:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) Damage to any structure or foundation supporting the "Covered Equipment" or any of its parts; or
- (5) The functioning of any safety or protective device; or
- (6) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CHANGES – ELECTRONIC DATA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** Under this endorsement, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. For the purpose of this endorsement, the term electronic data does not include your "stock" of prepackaged software.
- B.** This section, **B.**, and the following sections **C.** and **D.**, apply to the Building And Personal Property Coverage Form, Condominium Association Coverage Form, Condominium Unit-Owners Coverage Form, the Causes of Loss Forms and the Standard Property Policy. Paragraphs **B.1.** and **B.2.** supersede any provisions relating to electronic data, electronic media or valuable papers or records, including any such provisions under Property Not Covered, Coverage Extensions, Valuation Conditions or Limitations in the aforementioned forms.
- 1.** Covered Property does not include electronic data, except as provided below in **C.**, Limited Coverage – Electronic Data.
 - 2.** Covered Property does not include the cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. However, limited coverage for valuable papers and records, other than those which exist as electronic data, is provided below in **D.**, Limited Coverage – Valuable Papers And Records (Other Than Electronic Data).
- C. Limited Coverage – Electronic Data**
- 1.** Subject to the provisions of this Limited Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
 - 2.** The Covered Causes of Loss applicable to Your Business Personal Property apply to this Limited Coverage – Electronic Data, subject to the following:
 - a.** If the Causes of Loss – Special Form applies, coverage under this Limited Coverage – Electronic Data is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
 - b.** If the Causes of Loss - Broad Form applies, coverage under this Limited Coverage – Electronic Data includes Collapse as set forth in that Form.
 - c.** If the Causes of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Limited Coverage – Electronic Data.
 - d.** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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3. The most we will pay under this Limited Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

D. Limited Coverage – Valuable Papers And Records (Other Than Electronic Data)

1. You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Limited Coverage does not apply to valuable papers and records which exist as electronic data.
2. If the Causes of Loss – Special Form applies, coverage under this Limited Coverage is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
3. If the Causes of Loss – Broad Form applies, coverage under this Limited Coverage includes Collapse as set forth in that Form.
4. Under this Limited Coverage, the most we will pay to replace or restore the lost information is \$2,500 at each described premises. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

- E. With respect to the Business Income and/or Extra Expense Coverage Forms, the Loss Condition titled Limitation – Electronic Media And Records is deleted and the following exclusion is added:**

Exclusion – Interruption Of Computer Operations

1. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided below in **F.**, Limited Coverage – Interruption Of Computer Operations.
2. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided below in **F.**, Limited Coverage – Interruption Of Computer Operations.

F. Limited Coverage – Interruption Of Computer Operations

This Limited Coverage applies only to the Business Income and/or Extra Expense Coverage Forms.

1. Subject to all provisions of this Limited Coverage, you may extend the insurance that applies to Business Income and/or Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.
2. With respect to the coverage provided under this Limited Coverage, the Covered Causes of Loss are subject to the following:
 - a. If the Causes of Loss - Special Form applies, coverage under this Limited Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
 - b. If the Causes of Loss - Broad Form applies, coverage under this Limited Coverage - Interruption Of Computer Operations includes Collapse as set forth in that Form.
 - c. If the Causes of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Limited Coverage – Interruption Of Computer Operations.

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- d. The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- 3. The most we will pay under this Limited Coverage -Interruption Of Computer Operations is \$2,500 for the total of all loss sustained and/or expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- 4. This Limited Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in 3. above has not been exhausted.
- G. Under the Legal Liability Coverage Form and the Mortgageholders Errors And Omissions Coverage Form, Covered Property does not include electronic data.
- H. If this policy is endorsed to cover damage to Covered Property or Business Income loss or Extra Expense caused by or related to interruption in utility service, such coverage does not apply to destruction or corruption of (or any loss or damage to) electronic data.
- I. If this policy is endorsed to cover Business Income loss or Extra Expense related to "suspension" of "operations" due to loss or damage to a "dependent property", such coverage does not apply when the only loss to "dependent property" is destruction or corruption of (or any loss or damage to) electronic data. If the "dependent property" sustains loss or damage to electronic data and other property, coverage under the "dependent property" endorsement will not continue once the other property is repaired, rebuilt or replaced.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELITE PROPERTY ENHANCEMENT: DAY CARE CENTERS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

I. Schedule of Additional Elite Enhancement Endorsement Coverages and Limits

The following is a summary of increased Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of your policy.

Coverage Applicable	Limit of Insurance	Page #
Waiver of Multiple Deductibles	Included	2
Waiver of Coinsurance on Losses \$25,000 or less	Included	2
Business Personal Property	Within 1250 feet	2
Pollutant Clean-Up and Removal	\$50,000	3
Fire Department Service Charge	\$25,000	3
Newly Acquired or Constructed Property	90 days	3
Personal Effects	\$5,000/\$25,000	3
Property of Others	\$10,000	3
Valuable Papers and Records	\$100,000	3
Property Off-Premises, Including Stock	\$500,000	3
Property at Conventions, Fairs, Exhibitions or Special Events	\$25,000	3
Outdoor Property/Debris Removal	\$25,000	4
Emergency Vacating Expense	\$15,000	4
Automated External Defibrillators (AED's)	\$5,000	4
Lease Cancellation Moving Expenses	\$2,500	4
Foundations	Included	5
Glass Showcases	\$5,000	5
Arson Reward	\$25,000	5
Garages/Storage Sheds	\$10,000	5
Retaining Walls	\$5,000	5
Accounts Receivable	\$100,000	5
Business Income and Extra Expense (including Contingent)	\$300,000	6
Fire Extinguisher Recharge	\$1,000	8
Lock Replacement	\$1,000	8
Reward Reimbursement	\$5,000	8
Inventory and Appraisals of Loss	\$5,000	8
Ordinance or Law – Undamaged Portion of the Building	Building Limit	8
Ordinance or Law – Demolition Cost	\$300,000	
Ordinance or Law – Increased Cost of Construction	\$300,000	
Spoilage	\$50,000	10
Pair, Sets or Parts	Adjustment Included	11
Fine Arts	\$25,000	11
EDP Equipment and Media, including Laptops	\$50,000/\$2,500	12
Water	\$30,000	15
Utility Services (Business Income (and Extra Expense) Coverage)	Extension	15
Furs	\$5,000	16
Precious Metals	\$5,000	16
Property in Transit	\$100,000	16
Off Premises Power Failure	\$25,000	16
Dampness/Extremes of Temperature	Deletions Excluded	17
Earthquake Sprinkler Leakage	\$10,000	17
Extended Business Income	120 days	17

II. Elite Enhancement Endorsement Conditions

A. Applicability of Coverage

Coverage provided in forms attached to your policy is amended by this endorsement where applicable.

B. Limits of Insurance

1. When coverage is provided by this form and another coverage form attached to this policy, the greater Limits of Insurance will apply. In no instance will multiple limits apply to coverages which may be duplicated within this policy.
2. Limits of Insurance identified herein are not excess of, nor applicable in addition to, Limits of Insurance provided by the coverage or Cause of Loss forms applicable to this endorsement, unless otherwise stated.
3. Coverage is considered to be on an occurrence basis (not on a per location basis).

C. Adjusters' Fees

Coverages provided herein are not applicable to the generation of fees you may incur by retaining a public adjuster or appraiser.

D. Applicability of Exclusions

Specific exclusionary endorsements attached to the policy supercede coverage provisions contained in this coverage enhancement.

E. Requirement for Covered Cause of Loss

Except where a specific Covered Cause of Loss is identified in this coverage enhancement, coverage for the losses described herein are applicable only for Covered Causes of Loss as designated in the cause of loss form attached to the policy.

F. Waiver of Multiple Deductibles

In the event of a single occurrence causing loss under more than one coverage form attached to this policy, only the highest deductible will apply.

G. Waiver of Coinsurance on losses \$25,000 or less

The Coinsurance Condition applies only when the total loss or damage to all Covered Property in any one occurrence is greater than \$25,000.

III. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows:

Coverage applies for your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1250 feet of the described premises.

IV. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows under Additional Coverages:

A. Pollutant Clean Up and Removal

The Limit of Insurance for this Additional Coverage is increased to \$50,000.

B. Fire Department Service Charge

The Limit of Insurance for this Additional Coverage is increased to \$25,000.

V. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows under Coverage Extensions:

A. Newly Acquired or Constructed Property

Period Of Coverage is amended as follows:

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

1. This policy expires;
2. 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
3. You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

B. Personal Effects and Property of Others

1. Coverage for personal effects owned by you, your officers, your partners or your employees is amended as follows: The most we will pay for loss or damage under this extension is \$5,000 per person. The amount we will pay for loss or damage under this Extension will also not exceed \$25,000 per occurrence.
2. Coverage for Personal Property of others in your care, custody or control is amended as follows: The most we will pay for loss or damage under this Extension is \$10,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. No deductible shall apply to this extension.

C. Valuable Papers And Records

Coverage for Your Business Personal Property is extended to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$100,000 at each described premises.

D. Property Off-Premises, Including Stock

Coverage for Your Business Personal Property is extended to apply to your Covered Property that is temporarily at a location you do not own, lease, or operate. This Extension applies only if loss or damage is caused by a Covered Cause of Loss. This Extension does not apply to Covered Property:

1. in or on a vehicle; or
2. in the care, custody or control of your salespersons.

The most we will pay for loss or damage under this Extension is \$500,000. The most we will pay

for loss or damage under this Extension is \$25,000 for losses occurring at a convention, fair, exhibition or special event.

E. Outdoor Property/Debris Removal

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences and netting, outdoor lighting, outdoor pools, court surfaces, radio and television antennas (including satellite dishes), signs, trees, shrubs, plants, lawns, and playground equipment (greater than 1250 feet from the premises described in the Declarations) including the cost of debris removal, caused by or resulting from any of the following Causes of Loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or Civil Commotion;
5. Aircraft or Vehicles;
6. Vandalism and Malicious Mischief; or
7. Theft.

The most we will pay for loss or damage under this Extension is \$25,000. The most we will pay for any one tree, shrub, plant or acre of lawn, including the cost of debris removal, is \$1,000.

VI. The following is added to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM under Additional Coverages:

A. Emergency Vacating Expense

1. The coverage provided by this policy is extended to apply to the reasonable expenses that you incur in the "emergency" vacating of the premises of your facility described in the Declarations, provided that vacating is necessary due to an "emergency" situation resulting from a Covered Cause of Loss.

2. "Emergency" will mean imminent danger arising from an external event or a condition in the facility which would cause loss of life or harm to occupants.

3. We will not pay for any expenses under this Extension arising out of:

- a. a strike, bomb threat or false fire alarm, unless vacating is ordered by a civil authority; or
- b. a planned vacating drill.

4. The most we will pay for Emergency Vacating Expenses in any one occurrence under this Extension is \$15,000. The deductible for Emergency Vacating Expenses is \$250 per occurrence.

No other exclusions in your policy apply to this Extension. However, specific exclusionary endorsements attached to the policy supercede coverage provisions contained in this coverage enhancement.

B. Automated External Defibrillators

Automated External Defibrillators (AED's) are considered Covered Property. Coverage for Automated External Defibrillators is limited to \$5,000 per occurrence, which is in addition to the Business Personal Property Limit stated on the Declarations.

C. Lease Cancellation Moving Expenses

The Company will reimburse the Insured any moving expenses necessitated by the Insured's need

to relocate due to the cancellation of the lease at the insured's premises listed on the Declarations page during the policy period, provided that the lease cancellation occurs as a result of a Covered Cause of Loss. The limit for this coverage will be \$2,500 per policy period for all Insureds combined. No deductible applies to this coverage.

D. Foundations

Covered Property includes foundations of buildings, structures, machinery or boilers if their foundations are below the basement floor or the surface of the ground, if there is no basement.

E. Glass Showcases

We will pay for loss of or damage to glass showcases or glass wallcases, including the frames encasing the damaged glass, resulting from any Covered Cause of Loss while at the premises described in the Declarations. The most we will pay for this coverage is \$5,000 per policy period.

F. Arson Reward

We will pay on behalf of the insured up to \$25,000 for information which leads to an arson conviction in connection with a fire loss covered under this Coverage Form. Regardless of the number of persons involved, our liability under this Coverage Extension will not be increased.

VII. The following is added to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM under Coverage Extensions:

A. Garages/Storage Sheds

Coverage for your building is extended to apply to any garages or storage sheds located at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss. Coverage for all garages or storage sheds is subject to a \$10,000 Limit of Insurance per location.

B. Retaining Walls

Coverage for your building is extended to apply to any retaining walls, which are not part of the Building, located at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss. Coverage for all retaining walls is subject to a \$5,000 Limit of Insurance per location.

C. Accounts Receivable

1. Coverage for Your Business Personal Property is extended to apply to your records of accounts receivable:
 - a. At a described premises or in or on a vehicle in transit between described premises; or
 - b. If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss. We will pay for a loss while they are:
 - (1) At a safe place away from your described premises; or
 - (2) Being taken to and returned from that place.
2. Coverage for Your Business Personal Property is extended to apply to the amounts due from your customers that you are unable to collect due to a Covered Cause of Loss, including:
 - a. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

b. Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and

c. Other reasonable expenses that you incur to reestablish your records of accounts receivable that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable, including credit or charge card slips.

3. Accounts receivable loss payment will be determined as follows:

a. Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

The total above will be adjusted for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

b. The following will be deducted from the total amount of accounts receivable:

(1) The amount of the accounts for which there is no loss; and

(2) The amount of the accounts that you are able to reestablish or collect; and

(3) An amount to allow for probable bad debts that you are normally unable to collect; and

c. You will pay us the amount of all recoveries you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

4. Exclusions

a. We will not pay for a loss caused by or resulting from any of the following:

(1) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

(2) Bookkeeping, accounting or billing errors or omissions.

b. We will not pay for loss that requires any audit of records or any inventory computation to prove its factual existence.

The most we will pay under this Coverage Extension is \$100,000.

D. Business Income and Extra Expense

1. Coverage is extended to cover "Business Income"/"Extra Expense" incurred when your covered building or business personal property listed on the Declarations is damaged by a Covered Cause of Loss.

We will pay any "Extra Expense" to continue your normal operations:

a. at the described premises; or

b. at replacement premises or temporary locations; including:

(1) relocation expenses; and

(2) costs to equip or operate the replacement or temporary locations; and

We will also pay for any corresponding "Extra Expense" to minimize the suspension of your normal operation if you cannot continue them.

2. We will pay for the actual loss of "Business Income" you sustain and necessary "Extra Expense" caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for "Business Income" will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins. The coverage for "Extra Expense" will begin immediately after the time of that action and will end: (1) 3 consecutive weeks after the time of that action; or (2) When your "Business Income" coverage ends; whichever comes first.
3. Coverage is extended, subject to all provisions herein, to cover "Business Income"/"Extra Expense" incurred when "Contingent Business Property" is damaged by a Covered Cause of Loss. We will reduce the amount of your "Business Income" loss, other than "Extra Expense", to the extent you can resume operations, in whole or in part, by using any other available:
 - a. Source of materials; or
 - b. Outlet for your products.
4. The following, when used in this section, are defined as follows:
 - a. "Extra Expense" means necessary expenses you incur during the "Period of Restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.
 - b. "Business Income" means Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred during the "Period of Restoration;" and continuing normal operating expenses including payroll.
 - c. "Contingent Business Property" means property operated by others on whom you depend to:
 - (1) Deliver materials or services to you or to others for your account (Contributing Locations);
 - (2) Accept your products or services (Recipient Locations);
 - (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
 - (4) Attract customers to your business (Leader Locations).
 - d. "Period of Restoration" means the period of time that:
 - (1) Begins with the date of physical loss or damage caused by or resulting from any Covered Cause of Loss; and
 - (2) Ends on the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
 - (3) "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (a) Regulates the construction, use or repair, or requires the tearing down of any property; or

(b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

(4) The expiration date of this policy will not cut short the "Period of Restoration."

The most we will pay under this section is \$300,000 for any one occurrence. No coinsurance shall apply to this coverage.

E. Fire Extinguisher Recharge

Coverage is extended to cover expenses you incur to recharge portable fire extinguishers, dry chemical, carbon dioxide, or liquid automatic fire extinguishing systems and the cost of resetting automatic fuel shut-off connections, if any of the above are discharged to fight a fire or are discharged due to a mechanical malfunction.

The most we will pay for loss or damage under this extension is \$1,000.

No deductible shall apply to this coverage.

F. Lock Replacement

Coverage is extended to cover necessary expense to repair or replace exterior or interior door locks of a covered building:

1. If your door keys are stolen in a covered theft loss; or
2. When your property is damaged and your door keys are stolen by the burglars.

The most we will pay under this extension is \$1,000 for any one occurrence.

No deductible shall apply to this coverage.

G. Reward Reimbursement

Coverage is extended to provide a reward for information that leads to a criminal conviction in connection with loss or damage to Covered Property by a Covered Cause of Loss; provided that the reward is pre-approved by the Company. The most we will pay for loss or damage under this extension is \$5,000 regardless of the number of persons involved providing information.

No deductible shall apply to this coverage.

H. Inventory and Appraisals

Coverage is extended to cover your expenses, excluding those for public adjusters and appraisers, to record information, compile inventories, or obtain appraisals we require to comply with the loss conditions of this Coverage Form.

The most we will pay for loss or damage under this extension is \$5,000 for any one loss to Covered Property caused by a Covered Cause of Loss.

No deductible shall apply to this coverage.

I. Ordinance or Law

Under this Additional Coverage, we will not pay any costs due to an ordinance or law that you were required to comply with before the loss, even when the building was damaged, and with which you failed to comply.

1. Coverage A – Coverage For Loss to the Undamaged Portion of the Building

If a Covered Cause of Loss occurs to covered Building property shown in the Declarations, we will pay for loss of value to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c. Is in force at the time of loss.

Coverage A is included within the Limit of Insurance applicable to the covered Building property shown in the Declarations. This is not additional insurance.

2. Coverage B – Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

The Limit of Insurance for Demolition Cost Coverage is \$300,000 (in addition to the Building Limit).

3. Coverage C – Increased Cost of Construction Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

The Limit of Insurance for Increased Cost of Construction is \$300,000 (in addition to the Building Limit).

4. Under Coverage A – Coverage for Loss to the Undamaged Portion of the Building:

- a. If the Replacement Cost coverage option applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss of value to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:
 - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance applicable to the covered Building property.
- b. If the Replacement Cost coverage option applies and the property is not repaired or replaced; or if the Replacement Cost coverage option does not apply; we will not pay more for loss of value to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:

- (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance applicable to the covered Building property.
5. We will not pay more under Coverage B – Demolition Cost Coverage than the lesser of the following:
- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Demolition Cost Limit of Insurance shown in the Schedule above.
6. We will not pay Under Coverage C – Increased Cost of Construction Coverage:
- a. Until the property is actually repaired or replaced, at the same or another premises; and
 - b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - c. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the same premises); or
 - (2) The applicable Increased Cost of Construction Limit of Insurance shown in the Schedule above.
 - d. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the new premises (not to exceed the increased cost of construction at the same premises); or
 - (2) The applicable Increased Cost of Construction Limit of Insurance shown in the Schedule above.
7. The terms of this endorsement apply separately to each building to which this endorsement applies.

J. Spoilage

1. We will pay for direct physical loss or damage to your perishable Business Personal Property, and perishable personal property of your children while at or within 1000 feet of the described premises caused by spoilage due to changes in temperature or humidity resulting from:
- a. Complete or partial interruption of electrical power to the described premises due to conditions beyond your control; or
 - b. Mechanical breakdown or failure of heating, cooling or humidity control equipment or apparatus at the described premises.
2. Coverage does not apply to:
- a. the disconnection of any heating, cooling or humidity control equipment or apparatus from the source of power; or
 - b. the deactivation of electrical power or current caused by the manipulation of any switch or other device used to control the flow of electrical power or current; or

- c. the inability of an electric utility company or other power source to provide sufficient power due to:
 - (1) lack of fuel; or
 - (2) governmental order; or
- d. the inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand; or
- e. breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

The most we will pay for loss or damage in any one occurrence is \$50,000.

K. Pair, Sets or Parts

- 1. Pair or Set: In case of loss to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the loss; or
 - b. Pay the difference between the value of the pair or set before and after the loss.
- 2. Parts: In case of a loss to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

L. Fine Arts

- 1. Coverage applies to "Fine Arts". Covered Causes of Loss are extended to include risks of direct physical loss or damage except:
 - a. Any repairing, restoration or retouching process.
 - b. Breakage of fragile "Fine Arts" articles, including art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by:
 - (1) The "Specified Causes of Loss";
 - (2) Building glass breakage;
 - (3) Earthquakes; or
 - (4) Floods.
 - c. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a bailee for hire or carrier):
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- d. Voluntary parting with any property by you or anyone else to whom you have entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretense.
- e. Any of the following:
 - (1) Wear and tear;
 - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
 - (3) Nesting or infestation, or discharge or release of waste products or secretions by insects or rodents; or

- (4) Dampness or dryness of atmosphere or changes in or extremes in temperature .
2. The most we will pay in any one occurrence for loss or damage to "Fine Arts" caused by or resulting from any Covered Cause of Loss is:
- a. The Limit of Insurance that applies to the lost or damaged "Fine Arts"; or
 - b. \$25,000;
- whichever is less.
3. The following, when used in this section, means:
- a. "Antique" means an object at least 100 years old.
 - b. "Fine Arts" means paintings, etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, "antique" furniture, "antique" jewelry, bric-a-brac, porcelains and similar property of rarity, historical value or artistic merit.

M. EDP Equipment and Media

1. Coverage

- a. Covered Property, as used in this Coverage Form means Electronic Data Processing devices operated by you at the premises listed on the Declarations or laptops/portable computers and accessories that are designed to function with it, that can easily be carried and is designed to be used at more than one location. The Covered Property must be either your property or property belonging to others, which is in your care and used by you in your business or profession.
- b. Covered Property, as used in this section of this enhancement, means "Data" and "Media" owned proprietarily by you. The Covered Property must be either your property or property belonging to others, which is in your care and used by you in your business or profession.

(1) "Data" means information stored electronically and includes facts, instructions, concepts and programs converted to a form useable in electronic data processing operations.

(2) "Media" means devices which store information which is accessible to computers.

c. Property Not Covered

- (1) Accounts, records, documents and other valuable papers, except as they may be converted to "Data" and stored on "Media", and then only in that converted form; or
- (2) Property of yours that you have rented, leased or loaned to someone else; or
- (3) Electronic Alarm Systems.

d. Coverage Extensions

- (1) Provided you store duplicate "Data" at a separate premises and provided such "Data" is not insured elsewhere under this or any other insurance policy, we will cover that "Data" at each such storage location.
- (2) We will also pay for loss to Covered Property while temporarily located away from your premise and while in transit within:

- (a) The United States of America;
- (b) Puerto Rico; and
- (c) Canada.

The most we will pay under this Coverage Extension is \$10,000 for any single occurrence. The most we will pay for laptops or portable computers is \$2,500 per item, subject to a \$5,000 policy aggregate.

- (3) We will continue to cover your Covered Property while being transferred to and while at a temporary safe storage location, whenever utilized to avoid imminent loss. You are required, however, to provide us with written notice within 10 days following such move.

- (4) We will also pay for expenses you incur for the removal of debris provided:

- (a) The debris is Covered Property;
- (b) The Cause of Loss is not excluded by any part of this policy; and
- (c) The debris is located at a location scheduled in this policy.

The most we will pay under this Coverage Extension is \$50,000 in any one loss, but not to exceed a total of \$50,000 under this EDP coverage enhancement section.

- (5) We will also pay 80% of the actual rental cost for replacement electronic equipment, beginning forty-eight (48) hours after a covered loss has occurred to Covered Property under the EDP coverage listed in the preceding paragraphs, provided such equipment will assist in continuing operations at no less than 80% of normal capacity.

This Coverage Extension will end when the covered loss has been settled or when the amount of coverage provided under this Coverage Part is exhausted, whichever occurs first.

The most we will pay under the terms of this Coverage Extension is \$10,000 in any one loss.

- (6) We will also pay you for the expense you incur in recharging or refilling fire protection devices which are designed specifically to protect the Covered Property under this EDP coverage section, when these devices have been used in protecting such property from a covered loss.

The most we will pay under the terms of this Coverage Extension is \$25,000 in any one loss.

e. Covered Causes of Loss

Covered Causes of Loss means risk of direct physical loss to Covered Property except those Causes of Loss listed in the Exclusions.

2. Exclusions

We will not pay for a loss caused directly or indirectly by any of Items a. through i. listed below. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Governmental Action

Seizure or destruction of property by order of governmental authority. This exclusion will not apply to acts or destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire falls within a Covered Cause of Loss under the terms of this policy.

b. Nuclear Hazard

- (1) any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct loss caused by resulting fire if the fire would be covered under the terms of this policy.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by military forces, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped powers or action taken by governmental authority in hindering or defending against any of these.

d. Delay, loss of market, loss of income, loss of use or any other cause of consequential loss.

e. Wear and tear, any quality in the Covered Property that causes it to damage or destroy itself, gradual deterioration, depreciation or damage done by insects, vermin or rodents. We will pay for direct loss caused by resulting fire or explosion if the fire or explosion would be covered under the terms of this Coverage Part.

f. Dishonest acts committed by you, anyone else with an interest in the Covered Property, or your or their employees, whether or not such an act occurs during the hours of employment; nor will we pay for a loss caused by dishonest acts by anyone entrusted with the Covered Property, except a common carrier for hire.

g. Dryness, dampness, changes in temperature, corrosion or rust. But, if the air conditioning system that services the Covered Property is damaged by a Covered Cause of Loss we will pay for any direct resulting damage to Covered Property.

h. Breakage of tubes, bulbs, lamps or articles made of glass. But we will pay for such loss caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to vehicles carrying the Covered Property.

i. Processing or work performed upon the Covered Property. But we will pay for direct loss caused by resulting fire or explosion if the fire or explosion would be covered under this Coverage Form.

3. Limits, Deductibles, Valuation

a. Limit of Insurance - The most we will pay for any loss under the EDP section is \$50,000.

b. Deductible - We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the contents Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

c. Valuation - The value of the Covered Property will be determined as of the time and place of loss using the actual replacement cost of property similar to the Covered Property. In no event will our liability above exceed the cost to repair or replace the property with similar property of equal value.

VIII. The following is added and supersedes any wording to the contrary under the CAUSES OF LOSS – SPECIAL FORM:

A. Water

“Water” is included as a Covered Cause of Loss. We will not pay more than \$30,000 in any one occurrence.

1. “Water” means:

- a. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudslide or mudflow;
- c. Water that backs up or overflows from a sewer, drain or sump; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) foundations, walls, floors or paved surfaces;
 - (2) basements, whether paved or not; or
 - (3) doors, windows or other openings.

This extension applies to all claim expenses including, but not limited to building, business personal property, personal property of others, business income and extra expense and debris removal. However, this extension does not apply to roof drainage systems, gutters or downspouts.

B. Utility Services (Applicable to Business Income (and Extra Expense) Coverage)

1. Coverage for your Business Income and Extra Expense, if included in the policy, is extended to include loss or damage that you incur due to the interruption, caused by a Covered Cause of Loss, of “Water Supply Services”, “Communication Supply Services”, or “Power Supply Services” to the premises described on the declarations.

- a. “Water Supply Services” means the following types of property supplying water to the described premises:
 - (1) Pumping stations; and
 - (2) Water mains.
- b. “Communication Supply Services” means property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - (1) Communication transmission lines including optic fiber transmission lines; and
 - (2) Coaxial cables; and
 - (3) Microwave radio relays except satellites; and
 - (4) Overhead communication lines on or within 1000 feet of the described premises.
- c. “Power Supply Services” means the following types of property supplying electricity, steam, or gas to the described premises:
 - (1) Utility generating plants; and
 - (2) Switching stations; and
 - (3) Substations; and

- (4) Transformers; and
- (5) Transmission lines, and
- (6) Overhead transmission lines on or within 1000 feet of the described premises.

2. We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the off-premises property to which this enhancement applies. This Coverage Extension does not apply to direct physical damage to Covered Property.

C. Furs

The Limit of Insurance for furs is increased to \$5,000.

D. Precious Metals

The Limit of Insurance applicable to trophies, medals, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals is increased to \$5,000.

E. Property in Transit

The Limit of Insurance for Property in Transit is increased to \$100,000.

F. Off-Premises Power Failure

We will pay for loss of or damage to Covered Property, caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to a "Water Supply Services", "Communication Supply Services", or "Power Supply Services", not on the described premises.

1. "Water Supply Services" means the following types of property supplying water to the described premises:
 - a. Pumping stations; and
 - b. Water mains.
2. "Communication Supply Services" means property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a. Communication transmission lines including optic fiber transmission lines; and
 - b. Coaxial cables; and
 - c. Microwave radio relays except satellites; and
 - d. Overhead communication lines on or within 1000 feet of the described premises.
2. "Power Supply Services" means the following types of property supplying electricity, steam, or gas to the described premises:
 - a. Utility generating plants; and
 - b. Switching stations; and
 - c. Substations; and
 - d. Transformers; and
 - e. Transmission lines; and
 - f. Overhead transmission lines on or within 1000 feet of the described premises.

This Coverage Extension does not apply to loss of Business Income or Extra Expense. The most we will pay for loss or damage under this extension is \$25,000.

G. Dampness/Extremes of Temperature

We will cover the following Causes of Losses to personal property:

1. Dampness or dryness of atmosphere;
2. Changes in extremes of temperature.

H. Earthquake Sprinkler Leakage

We will pay up to \$10,000 for damages resulting from Sprinkler Leakage which is caused by Earth Movement.

IX. BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

A. Section **A. COVERAGE**, Subsection **5. Additional Coverages** is amended as follows:

1. Part **(1)(b)(ii)** of Paragraph **c. Extended Business Income** is deleted and replaced by the following:
(ii) 120 consecutive days after the date determined in **(1)(a)** above.
2. Part **(2)(b)(ii)** of Paragraph **c. Extended Business Income** is deleted and replaced by the following:
(ii) 120 consecutive days after the date determined in **(2)(a)** above.

X. Other Insurance

If there is other insurance under a separate policy covering the same loss or damage as provided for in this coverage enhancement, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, regardless of whether you are able to collect. However, we will not pay more than the applicable Limit of Insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS OF INCOME DUE TO WORKPLACE VIOLENCE

This endorsement modifies and is subject to the insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

The following is added to **Section A. Coverage, 3. Additional Coverages:**

e. Workplace Violence

(1) Coverage:

Loss of Business Income:

We will pay for the actual loss of Business Income you sustain due to the suspension of your "operations" caused by any intentional use, or threat to use, deadly force by any person.

The most we will pay under this coverage is \$100,000.

Extra Expense:

Coverage is extended to include the cost of public relations consultants or other specialists to restore the insured's reputation following an incident of workplace violence. Additionally, coverage includes mental health counseling for employees but only if such treatment is not covered under any applicable workers compensation coverage.

The most we will pay under this coverage is \$5,000.

(2) Loss Determination:

Determination of the Business Income loss under this additional coverage will be calculated only for the location where the workplace violence occurred. Coverage will only be for the "period of restoration".

Extra expense will apply even though operations have resumed. However, they will not apply after 60 days following the incident.

All other terms and conditions remain the same.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and

- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C – MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:
- (a) The accident takes place in the "coverage territory" and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
- (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
- a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage **C**;
- b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C** because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.
- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (b) The total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication; provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a.** A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b.** A sidetrack agreement;
- c.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e.** An elevator maintenance agreement;
- f.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2)** The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1)** Work or operations performed by you or on your behalf; and
- (2)** Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2)** The providing of or failure to provide warnings or instructions.

COMMERCIAL GENERAL LIABILITY
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** With regard to liability for Bodily Injury, Property Damage and Personal And Advertising Injury, unless we are prejudiced by the insured's or your failure to comply with the requirement, no provision of this Coverage Part requiring you or any insured to give notice of "occurrence", claim or "suit", or forward demands, notices, summonses or legal papers in connection with a claim or "suit" will bar coverage under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – YOUR RIGHT TO CLAIM AND OCCURRENCE INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART (CLAIMS-MADE VERSION)

Paragraph **10. Your Right To Claim And "Occurrence" Information** of **Section IV – Conditions** is replaced by the following:

10. Your Right To Claim And "Occurrence" Information

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding general liability claims-made Coverage Part we have issued to you during the previous three years:

- a.** A list or other record of each "occurrence", not previously reported to any other insurer, of which we were notified in accordance with Paragraph **2.a.** of the **Section IV – Duties In The Event Of Occurrence, Offense, Claim Or Suit Condition**. We will include the date and brief description of the "occurrence" if that information was in the notice we received.
- b.** A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable General Aggregate Limit and Products-Completed Operations Aggregate Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

If we cancel or elect not to renew this Coverage Part, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information within 30 days of receipt of the request.

We compile claim and "occurrence" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – ACCESS OR DISCLOSURE OF
CONFIDENTIAL OR PERSONAL INFORMATION AND
DATA-RELATED LIABILITY – WITH
LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.p. of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

- p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1)** Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- B. The following is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Information

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

COMMERCIAL GENERAL LIABILITY
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a.** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b.** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

- B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a.** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b.** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

- C. The following definition is added to the Definitions Section:**

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

- A.** If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
- 1.** The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 - 2.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – CAMPS OR CAMPGROUNDS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

With respect to the operation of any camp or campground by you or on your behalf:

A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

If the camp or campground owns or operates an infirmary with facilities for lodging and treatment, this insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" caused by:

- 1. The rendering of or failure to render:**
 - a.** Medical, surgical, dental, X-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
 - b.** Any health or therapeutic service, treatment, advice or instruction; or
 - c.** Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

- 2.** The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or

- 3.** The handling or treatment of dead bodies.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph 1., 2. or 3.

B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage C – Medical Payments:

2. Exclusions

We will not pay expenses for "bodily injury" to any camper.

COMMERCIAL GENERAL LIABILITY
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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – MEDICAL PAYMENTS TO CHILDREN DAY CARE CENTERS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., Exclusions of Coverage C – MEDICAL PAYMENTS (Section I – Coverages):

We will not pay expenses for "bodily injury" to any child enrolled in a day care center.

COMMERCIAL GENERAL LIABILITY
CG 24 16 12 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANOES OR ROWBOATS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. Exclusion **g.** of Section **I – Coverage A – Bodily Injury And Property Damage Liability** does not apply to "bodily injury" or "property damage" arising out of any canoe or rowboat owned or used by or rented to the insured.
2. **Section II – Who Is An Insured** is amended to include as an insured any person or organization legally responsible for the use of any such canoe or rowboat you own, provided the actual use is with your permission.

COMMERCIAL GENERAL LIABILITY
CG 26 39 12 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEXAS CHANGES – EMPLOYMENT-RELATED
PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2.,
Exclusions of Section I – Coverage A – Bodily
Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment;
or
 - (c) Employment-related practices, policies,
acts or omissions, such as coercion, demo-
tion, evaluation, reassignment, discipline,
defamation, harassment, humiliation, dis-
crimination or malicious prosecution di-
rected at that person; or
- (2) The spouse, child, parent, brother or sister of
that person as a consequence of "bodily injury"
to that person at whom any of the employment-
related practices described in Paragraphs (a),
(b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in
Paragraphs (a), (b) or (c) above occurs before
employment, during employment or after em-
ployment of that person;
- (2) Whether the insured may be liable as an em-
ployer or in any other capacity; and

- (3) To any obligation to share damages with or to
repay someone else who must pay damages
because of the injury.

**B. The following exclusion is added to Paragraph 2.,
Exclusions of Section I – Coverage B – Per-
sonal And Advertising Injury Liability:**

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment;
or
 - (c) Employment-related practices, policies,
acts or omissions, such as coercion, demo-
tion, evaluation, reassignment, discipline,
defamation, harassment, humiliation, dis-
crimination or malicious prosecution di-
rected at that person; or
- (2) The spouse, child, parent, brother or sister of
that person as a consequence of "personal and
advertising injury" to that person at whom any
of the employment-related practices described
in Paragraphs (a), (b) or (c) above is directed.

COMMERCIAL GENERAL LIABILITY
CG 32 08 12 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – BINDING ARBITRATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

If we and the insured do not agree whether coverage is provided under this Coverage Part for a claim made against the insured, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county or parish in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

Philadelphia Indemnity Insurance Company

PI-GL-001 (09/17)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - LEAD LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section 1 - Coverages) and paragraph 2., Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section 1 - Coverages):

This insurance does not apply to:

1. "Bodily injury," "property damage," or "personal and advertising injury" arising out of or caused by the actual or alleged:
 - a. Exposure to or existence of lead, paint containing lead, or any other material or substance containing lead;
 - b. Manufacture, distribution, sale, resale, rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of lead, paint containing lead, or any other material or substance containing lead;

Whether or not the lead is or was at any time airborne as a particulate, contained in a product ingested, inhaled, transmitted in any fashion, or found in any form whatsoever.
2. Any legal obligation of any insured for indemnification or contribution due to damages arising out of "bodily injury," "property damage" or "personal and advertising injury" caused by lead, paint containing lead, or any other substance or material containing lead.
3. Any loss, cost, expense or damages, whether direct or consequential, arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, abate, contain, treat or neutralize lead, paint containing lead, or any other substance or material containing lead, or in any way respond to, or assess the effects of lead; or
 - (b) Claim or suit related to, testing for, monitoring, cleaning up, removing, abating, containing, treating

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Philadelphia Indemnity Insurance Company

or neutralizing lead, paint containing lead, or any other substance or material containing lead or in any way responding to or assessing the effects of lead.

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Philadelphia Indemnity Insurance Company

PI-GL-002 (09/17)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ASBESTOS LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section 1 - Coverages) and paragraph 2., Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section 1 - Coverages):

This insurance does not apply to:

“Bodily injury,” “property damage,” “personal and advertising injury” arising out of:

1. Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos;
2. The use of asbestos in constructing or manufacturing any good, product or structure;
3. The removal of asbestos from any good, product or structure; or
4. The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.

The coverage afforded by this policy does not apply to payment for the investigation or defense of any loss or “suit,” injury or damage or any cost, fine or penalty or for any expense or claim or “suit” related to any of the above.

PI-GL-002 (09/17)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**GENERAL LIABILITY DELUXE ENDORSEMENT:
DAY CARE ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE

It is understood and agreed that the following extensions only apply in the event that no other specific coverage for the indicated loss exposure is provided under this policy. If such specific coverage applies, the terms, conditions and limits of that coverage are the sole and exclusive coverage applicable under this policy, unless otherwise noted on this endorsement. The following is a summary of the Limits of Insurance and additional coverages provided by this endorsement. For complete details on specific coverages, consult the policy contract wording.

Coverage Applicable	Limit of Insurance	Page #
Damage to Premises Rented to You	\$1,000,000	2
Extended Property Damage	included	2
Non-Owned Watercraft	Less than 58 feet	2
Medical Payments	\$20,000	2
Medical Payments – Extended Reporting Period	3 years	3
Athletic Activities	Amended	3
Supplementary Payments – Bail Bonds	\$2,500	3
Supplementary Payment – Loss of Earnings	\$500 per day	3
Employee Indemnification Defense Coverage for Employee	\$25,000	3
Additional Insured – Managers and Supervisors	Included	3
Additional Insured – Broadened Named Insured	Included	4
Additional Insured – Managers, Landlords, or Lessors of Premises	Included	4
Additional Insured - Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You	Included	4
Additional Insured – Grantor of Permits	Included	4
Damage to Property You Own, Rent, or Occupy	\$30,000 limit	4
Transfer of Rights of Recovery Against Others To Us	Clarification	5
Duties in the Event of Occurrence, Claim or Suit	Included	5
Unintentional Failure to Disclose Hazards	Included	5
Liberalization	Included	5
Bodily Injury – includes Mental Anguish	Included	5
Personal and Advertising Injury – includes Abuse of Process, Discrimination	Included	6

A. Damage to Premises Rented to You

1. If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the word “fire” is changed to “fire, lightning, explosion, smoke, or leakage from automatic fire protective systems” where it appears in:
 - a. The last paragraph of **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Subsection **2. Exclusions**;
 - b. **SECTION III - LIMITS OF INSURANCE**, Paragraph **6.**;
 - c. **SECTION V – DEFINITIONS**, Paragraph **9.a.**
2. If damage by fire to premises rented to you is not otherwise excluded from this Coverage Part, the words “Fire insurance” are changed to “insurance for fire, lightning, explosion, smoke, or leakage from automatic fire protective systems” where it appears in:
 - a. **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Subsection **4. Other Insurance**, Paragraph **b. Excess Insurance**
3. The Damage To Premises Rented To You Limit section of the Declarations is amended to the greater of:
 - a. \$1,000,000; or
 - b. The amount shown in the Declarations as the Damage to Premises Rented to You Limit.

This is the most we will pay for all damage proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke, or leaks from automatic fire protective systems or any combination thereof.

B. Extended “Property Damage”

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Subsection **2. Exclusions**, Paragraph **a.** is deleted and replaced by the following:

- a. **Expected or Intended Injury**
“Bodily Injury” or “Property Damage” expected or intended from the standpoint of the insured. This exclusion does not apply to “bodily injury” or “property damage” resulting from the use of reasonable force to protect persons or property.

C. Non-Owned Watercraft

SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Subsection **2. Exclusions**, Paragraph **g. (2)** is amended to read as follows:

- (2) A watercraft you do not own that is:
 - (a) Less than 58 feet long; and
 - (b) Not being used to carry persons or property for a charge;

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft. This insurance is excess over any other valid and collectible insurance available to the insured whether primary, excess or contingent.

D. Medical Payments - Limit Increased to \$20,000, Extended Reporting Period

If **COVERAGE C MEDICAL PAYMENTS** is not otherwise excluded from this Coverage Part:

1. The Medical Expense Limit is changed subject to all of the terms of **SECTION III - LIMITS OF INSURANCE** to the greater of:
 - a. \$20,000; or
 - b. The Medical Expense Limit shown in the Declarations of this Coverage Part.
2. **COVERAGE C MEDICAL PAYMENTS**, Subsection 1. **Insuring Agreement**, the second part of Paragraph **a.** is amended to read

provided that:
 - (2) The expenses are incurred and reported to us within three years of the date of the accident;

E. Athletic Activities

SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS, Subsection 2. **Exclusions**, Paragraph **e. Athletic Activities** is deleted and replaced with the following:

- e. **Athletic Activities**
To a person injured while taking part in athletics.

F. Supplementary Payments

Under the **SUPPLEMENTARY PAYMENTS - COVERAGE A AND B** provision, Items **1.b.** and **1.d.** are amended as follows:

1. The limit for the cost of bail bonds is changed from \$250 to \$2,500; and
2. The limit for loss of earnings is changed from \$250 a day to \$500 a day.

G. Employee Indemnification Defense Coverage

Under the **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B** provision, the following is added:

3. We will pay, on your behalf, defense costs incurred by an “employee” in a criminal proceeding.

The most we will pay for any “employee” who is alleged to be directly involved in a criminal proceeding is \$25,000 regardless of the numbers of “employees”, claims or “suits” brought or persons or organizations making claims or bringing “suits”.

H. SECTION II - WHO IS AN INSURED is amended as follows:

1. If coverage for newly acquired or formed organizations is not otherwise excluded from this Coverage Part, Paragraph **3.a.** is changed to read:
 - a. Coverage under this provision is afforded until the end of the policy period.
2. Each of the following is also an insured:
 - a. **Managers and Supervisors** - If you are an organization other than a partnership or joint venture, your managers and supervisors are also insureds, but only with respect to their duties as your managers and supervisors.

- b. **Broadened Named Insured** - Any organization and subsidiary thereof which you control and actively manage on the effective date of this Coverage Part. However, coverage does not apply to any organization or subsidiary not named in the Declarations as Named Insured, if they are also insured under another similar policy, but for its termination or the exhaustion of its limits of insurance.
- c. **Managers, Landlords, or Lessors of Premises** - Any person or organization with respect to their liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you subject to the following additional exclusions:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of that person or organization.

- d. **Lessor of Leased Equipment – Automatic Status When Required in Lease Agreement With You** – Any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization is to be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

A person's or organization's status as an additional insured under this endorsement ends when their contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- e. **Grantors of Permits** – Any state or political subdivision granting you a permit in connection with your premises subject to the following additional provision:

- (1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with the premises you own, rent or control and to which this insurance applies:
 - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners or decorations and similar exposures; or
 - (b) The construction, erection, or removal of elevators; or
 - (c) The ownership, maintenance, or use of any elevators covered by this insurance.

I. Damage to Property You Own, Rent or Occupy

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Subsection 2. **Exclusions**, Paragraph j. **Damage to Property**, Item (1) is deleted in its entirety and replaced with the following:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or

damage to another's property, unless the damage to property is caused by children enrolled in your day care center, up to a \$30,000 limit.

J. Transfer of Rights of Recovery Against Others To Us

As a clarification, the following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 8. **Transfer of Rights of Recovery Against Others To Us**:

Therefore, the insured can waive the insurer's Rights of Recovery prior to the occurrence of a loss, provided the waiver is made in a written contract.

K. Duties in the Event of Occurrence, Claim or Suit

1. The requirement in Paragraph 2.a. of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** that you must see to it that we are notified as soon as practicable of an "occurrence" or an offense, applies only when the "occurrence" or offense is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer or insurance manager, if you are a corporation.
2. The requirement in Paragraph 2.b. of **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** that you must see to it that we receive notice of a claim or "suit" as soon as practicable will not be considered breached unless the breach occurs after such claim or "suit" is known to:
 - a. You, if you are an individual;
 - b. A partner, if you are a partnership; or
 - c. An executive officer or insurance manager, if you are a corporation.

L. Unintentional Failure To Disclose Hazards

It is agreed that, based on our reliance on your representations as to existing hazards, if you should unintentionally fail to disclose all such hazards prior to the beginning of the policy period of this Coverage Part, we shall not deny coverage under this Coverage Part because of such failure.

M. Liberalization

If we revise this endorsement to provide more coverage without additional premium charge, we will automatically provide the additional coverage to all endorsement holders as of the day the revision is effective in your state.

N. Bodily Injury - Mental Anguish

SECTION V – DEFINITIONS, Paragraph 3. is changed to read:

"Bodily Injury":

- a. Means bodily injury, sickness or disease sustained by a person, and includes mental anguish resulting from any of these; and
- b. Except for mental anguish, includes death resulting from the foregoing (Item a. above) at any time.

O. Personal and Advertising Injury – Abuse of Process, Discrimination

If **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY COVERAGE** is not otherwise excluded from this Coverage Part, the definition of “personal and advertising injury” is amended as follows:

1. **SECTION V – DEFINITIONS**, Paragraph **14.b.** is revised to read:

b. Malicious prosecution or abuse of process;

2. **SECTION V – DEFINITIONS**, Paragraph **14.** is amended to include the following:

“Personal and advertising injury” also means discrimination based on race, color, religion, sex, age or national origin, except when:

(1) Done intentionally by or at the direction of, or with the knowledge or consent of:

(a) Any insured; or

(b) Any executive officer, director, stockholder, partner or member of the insured; or

(2) Directly or indirectly related to the employment, former or prospective employment, termination of employment, or application for employment of any person or persons by an insured; or

(3) Directly or indirectly related to the sale, rental, lease or sublease or prospective sales, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured; or

(4) Insurance for such discrimination is prohibited by or held in violation of law, public policy, legislation, court decision or administrative ruling.

The above does not apply to fines or penalties imposed because of discrimination.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**KIDNAP EXPENSE ENHANCEMENT****Additional Declarations**

Subject to the Limits of Liability of this coverage form, the following is added to the Declarations:

\$	<u>50,000</u>	per "Abduction"
\$	<u>50,000</u>	in the aggregate
\$	<u>5,000</u>	deductible per "Abduction"

This Endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

- I. For the purposes of this Endorsement only, the Commercial General Liability Coverage Form is amended to include the following supplemental coverage:

CHILD ABDUCTION**1. INSURING AGREEMENT**

Subject to the limits, aggregate and deductible as stated in the Additional Declarations above, we agree to indemnify the "Insured" for reasonable and necessary Covered Expenses, as listed below, incurred and paid by the "Insured" or "Parent(s)" as a direct result of an "Abduction" occurring during the Policy Period and in the "Coverage Territory", provided that such "Abduction" is insured hereunder. Payment of such Covered Expenses may continue until the earliest of the following unless otherwise stated:

- a. Up to fourteen (14) days after the recovery of the "Covered Child(ren)"; or
- b. Discovery of the death of the "Covered Child(ren)"; or
- c. Twelve (12) months after the date of the "Abduction".

Each Covered Expense is limited to 25% of the amount per abduction as stated in the Additional Declarations of this Endorsement unless otherwise noted. Covered Expenses include:

- a. Fees and expenses of any independent investigative service, provided that we have given prior consent to the use of such independent investigative service; and
- b. Reward to an "Informant" for information leading to the recovery of the "Covered Child(ren)" and the arrest and conviction of the party(ies) responsible for the "Abduction"; and
- c. Fees and expenses of independent forensic analysts engaged by the "Insured" or "Parent(s)" with prior authorization from us; and
- d. Fees and expenses of public relations consultants to assist in the location of the "Covered Child(ren)"; and
- e. Publicity costs incurred solely and directly to assist in the resolution of an "Abduction", provided that such "Abduction" is insured hereunder; and

- f. Cost of travel and accommodations conducted by the "Insured" or "Parent(s)" while attempting to resolve an "Abduction"; and
 - g. Rest and rehabilitation expenses including travel, lodging, meals and recreation of the "Covered Child(ren)" and "Parent(s)" and/or siblings of "Covered Child(ren)" incurred by the "Parent(s)" and paid by the "Insured" following resolution of the loss covered hereunder. The total amount under this provision shall not exceed \$10,000 for any single loss; and
 - h. Lost salary of "Parent(s)", which is the amount of compensation paid at an annual rate including the average bonuses, commissions, that the "Parent(s)" would normally have earned; and
 - i. Fees for psychological or psychiatric counseling for the benefit of "Parent(s)", or siblings of the "Covered Child(ren)" beginning on the date of recovery of the "Covered Child(ren)", until the earliest of the following:
 - (1) Up to three (3) months after the recovery or discovery of the death of the "Covered Child(ren)", or
 - (2) Twelve (12) months after the date of the "Abduction"; and
 - j. Fees for psychological or psychiatric counseling for the benefit of "Covered Child(ren)" beginning on the date of the recovery of the
 - k. Medical services and hospitalization costs incurred for the "Covered Child(ren)" as a result of the "Abduction" beginning on the date of recovery of the "Covered Child(ren)" and continuing up to twelve (12) months thereafter; and
 - l. Funeral and burial expenses of "Covered Child(ren)" in the event of death of "Covered Child(ren)" resulting from an "Abduction".
- 2. EXCLUSIONS**
- With respect to this endorsement only, we will not pay any expense(s) directly or indirectly caused or resulting from:
- a. The fraudulent, dishonest, or criminal acts of the "Insured", any director or officer of the "Insured", "Parent(s)" or agents thereof, whether acting alone or in collusion with others; or
 - b. Any legal liability or costs of defense for administrative, regulatory, judicial or other claims, hearings or lawsuits arising out of the "Abduction"; or
 - c. Payment of any "ransom" or demand for money.
- II. LIMITS OF INSURANCE**
- With respect to this Endorsement only, the following apply:
- 1. The Limits of Insurance shown in the Additional Declarations of this Endorsement and the rules below fix the most that we will pay regardless of the number of:

- a. "Insureds";
- b. Claims made; or
- c. Persons or organizations making claims.

- 2. The Aggregate Limit shown in the Additional Declarations of this Endorsement is the most we will pay for all Covered Expenses for each policy period.
- 3. All expenses arising from the same continuous, related, or repeated conditions shall be treated as arising out of one covered "Abduction". The limits in effect when the first such claim is reported shall apply.
- 4. In no event will any expense claimed and paid under one "Abduction" be recoverable under another "Abduction".

III. DEDUCTIBLE

With respect to this endorsement, we will not pay for loss in any one abduction until the amount of loss exceeds the deductible shown in the Additional Declarations of this Endorsement. We will then pay the amount of loss in excess of the deductible up to the applicable Limit of Insurance as shown in this Endorsement. The deductible will not reduce the Limit of Insurance.

IV. DEFINITIONS

For the purposes of coverage provided under this Endorsement only, the following definitions are added.

"Abduction" means the wrongful and illegal seizure of a "Covered Child(ren)", by someone other than "Parent(s)", or an agent thereof, from the "Premises" of the "Insured" or on any other premises while such "Covered Child(ren)" are under the care or control of the "Insured" occurring during the "Policy Period".

"Covered Child(ren)" means a child(ren) under the care, custody and control of the "Insured" by registration or enrollment. A "Covered Child" must be less than 17 years of age at the time of the "Abduction".

"Informant" means any person, other than a "Covered Child(ren)", providing information not otherwise obtainable solely in return for a reward offered by the "Insured".

"Parent(s)" means the natural and legal Parent(s) and/or Guardian, step-Parent(s) or foster Parent(s) of a "Covered Child(ren)", regardless of who has legal custody.

"Premises" means any place the "Insured" conducts business.

"Ransom" means a consideration paid or demanded for the release of a "Covered Child(ren)" from captivity.

V. CONDITIONS

For the purposes of this Endorsement only, the following conditions are added:

1. DUTIES IN THE EVENT OF ABDUCTION:

- a. In the event of an "Abduction" during the Policy Period, the "Insured" will make every reasonable effort to:
 - (1) Determine that the "Abduction" has actually occurred prior to incurring costs; and
 - (2) Give immediate oral and written notice to us with periodic and timely updates concurrent with activity occurring during the incident; and
 - (3) Immediately notify local, national or other appropriate law enforcement agency having jurisdiction over the matter.

2. **CONFIDENTIALITY:** The "Insured" will use all reasonable efforts not to disclose the existence of the Endorsement.

3. **OTHER INSURANCE:** The insurance provided under this

Endorsement will be excess over any other valid bond or insurance.

4. **STATEMENT OF LOSS:** The "Insured" will file a detailed, sworn statement of loss with us as soon as practicable after the date of loss.
5. **ARBITRATION:** If the "Insured" and the Company fail to agree as to the amount of the loss, each will, on written demand of either, made within sixty (60) days after rejection of the Statement of Loss by us, select a competent and disinterested appraiser. The appraiser will appraise the loss stating the amount of the loss. If the appraisers fail to agree, they will select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the "Insured" or by us, such umpire will be selected by a judge of any competent court in the United States, and the appraisers will submit their differences to the umpire. An award in writing of any two will determine the amount of loss. The "Insured" and the Company will each pay its chosen appraiser and will bear equally the other expenses of the appraisal and umpire. We will not be held to have waived any of our rights by any act relating to appraisal.
6. **RECOVERIES:** In the event of any payment under this Endorsement, all recoveries, less the actual cost to us of recovery, will be distributed first to us for all amounts paid by us under this Endorsement and any remainder will be paid to the "Insured".

7. **SEVERABILITY, CONSTRUCTION, AND CONFORMANCE TO STATUTE:**

- a. If any provision contained in this Endorsement is, for any reason, held to be invalid, illegal, or unenforceable in any respect, it is hereby deemed to be severed and to have no effect on any other valid, legal and enforceable provision of this Endorsement.
- b. If any provision contained in this Endorsement is, for any reason, held to be invalid, illegal or unenforceable, it will be construed by limiting it so as to be valid, legal, and enforceable to the extent compatible with applicable law.
- c. Any provisions of this Endorsement which are in conflict with the statutes or regulations of the state or country wherein this Endorsement is issued are hereby amended to conform to such statutes or regulations.

All conditions, definitions and exclusions applicable to the Commercial General Liability Coverage Form not in conflict with those herein apply to this coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABUSE OR MOLESTATION EXCLUSION – TEXAS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2. **Exclusions** of **SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and Paragraph 2. **Exclusions** of **SECTION I – COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY**:

This insurance does not apply to any injury sustained by any person arising out of or resulting from the alleged, actual or threatened abuse or molestation by anyone.

We shall not have any duty to defend any “suit” against any insured seeking damages on account of any such injury.

This exclusion applies to all injury sustained by any person, including emotional distress, arising out of molestation or abuse whether alleged, actual or threatened including but not limited to molestation or abuse arising out of your negligence or other wrongdoing with respect to:

1. Hiring, placement, employment, training;
2. Investigation;
3. Supervision;
4. Reporting any molestation or abuse to the proper authorities, or failure to so report; or
5. Retention;

of a person for whom any insured is or ever was legally responsible or for whom any insured may have assumed the liability; and whose conduct would be excluded above.

For the purposes of this endorsement, abuse means an act which is committed with the intent to cause harm.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION -TEXAS
PROFESSIONAL LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., Exclusions of COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section 1 - Coverages) and paragraph 2., Exclusions of COVERAGE B - PERSONAL AND ADVERTISING INJURY LIABILITY (Section 1 - Coverages):

This insurance does not apply to:

“Bodily injury”, “property damage”, “personal injury” or “advertising injury” arising out of:

1. The rendering or failure to render:
 - a. Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
 - b. Any health or therapeutic service, treatment, advice or instruction; or
 - c. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.
2. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;
3. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.
4. Any actual or alleged negligent act, error or omission in the actual rendering of professional services to others, including counseling services, in your capacity as a social service organization. Professional services includes the furnishing of food, beverages, medications or appliances in connection therewith.

BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" you own (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only	Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other Than Private Passenger "Autos" Only	Only those "autos" you own that are not of the private passenger type (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject To No-fault	Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject To A Compulsory Uninsured Motorists Law	Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Covered Autos Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only	Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Non-owned "Autos" Only	Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only	Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.
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B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Covered Autos Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Covered Autos Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. "Loss"; or
 - e. Destruction.

SECTION II – COVERED AUTOS LIABILITY COVERAGE

A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Covered Autos Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
 - (1) The owner or anyone else from whom you hire or borrow a covered "auto".

This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

- (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
- (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
- (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
- (5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed, we will:

- (1) Increase the Limit of Insurance for Covered Autos Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee" of the "insured" arising out of and in the course of:
 - (1) Employment by the "insured"; or
 - (2) Performing the duties related to the conduct of the "insured's" business; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to:

- a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or
- b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph **a.** above.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

- b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of:

- a. Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or
- b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed;
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site; or
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts if:

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" arising directly or indirectly out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit Of Insurance for Covered Autos Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

SECTION III – PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

a. Comprehensive Coverage

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage

Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and
- c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions

a. Transportation Expenses

We will pay up to \$20 per day, to a maximum of \$600, for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

b. Loss Of Use Expenses

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

- (1) Other than collision only if the Declarations indicates that Comprehensive Coverage is provided for any covered "auto";
- (2) Specified Causes Of Loss only if the Declarations indicates that Specified Causes Of Loss Coverage is provided for any covered "auto"; or

- (3) Collision only if the Declarations indicates that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is \$20 per day, to a maximum of \$600.

B. Exclusions

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Nuclear Hazard

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. We will not pay for "loss" due and confined to:
 - a. Wear and tear, freezing, mechanical or electrical breakdown.
 - b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

4. We will not pay for "loss" to any of the following:
 - a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

- b. Any device designed or used to detect speed-measuring equipment, such as radar or laser detectors, and any jamming apparatus intended to elude or disrupt speed-measuring equipment.

- c. Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.

- d. Any accessories used with the electronic equipment described in Paragraph c. above.

5. Exclusions 4.c. and 4.d. do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:

- a. Permanently installed in or upon the covered "auto";

- b. Removable from a housing unit which is permanently installed in or upon the covered "auto";

- c. An integral part of the same unit housing any electronic equipment described in Paragraphs a. and b. above; or

- d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

6. We will not pay for "loss" to a covered "auto" due to "diminution in value".

C. Limits Of Insurance

1. The most we will pay for:

- a. "Loss" to any one covered "auto" is the lesser of:

- (1) The actual cash value of the damaged or stolen property as of the time of the "loss"; or

- (2) The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

- b. All electronic equipment that reproduces, receives or transmits audio, visual or data signals in any one "loss" is \$1,000, if, at the time of "loss", such electronic equipment is:

- (1) Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;

- (2) Removable from a permanently installed housing unit as described in Paragraph **b.(1)** above; or
 - (3) An integral part of such equipment as described in Paragraphs **b.(1)** and **b.(2)** above.
2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".
 3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

- a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
 - (1) How, when and where the "accident" or "loss" occurred;

- (2) The "insured's" name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, you and any other involved "insured" must:
 - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
 - (4) Authorize us to obtain medical records or other pertinent information.
 - (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.
 - c. If there is "loss" to a covered "auto" or its equipment, you must also do the following:
 - (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
 - (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
 - (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

- a. There has been full compliance with all the terms of this Coverage Form; and
- b. Under Covered Autos Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. Loss Payment – Physical Damage Coverages

At our option, we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

2. Concealment, Misrepresentation Or Fraud

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured", at any time, intentionally conceals or misrepresents a material fact concerning:

- a. This Coverage Form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this Coverage Form.

3. Liberalization

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

5. Other Insurance

- a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:

- (1) Excess while it is connected to a motor vehicle you do not own; or
- (2) Primary while it is connected to a covered "auto" you own.

- b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

- c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Covered Autos Liability Coverage is primary for any liability assumed under an "insured contract".

- d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

6. Premium Audit

- a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

Under this Coverage Form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- (1) The United States of America;
- (2) The territories and possessions of the United States of America;
- (3) Puerto Rico;
- (4) Canada; and
- (5) Anywhere in the world if a covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less,

provided that the "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada, or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

SECTION V – DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto" means:
 1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or

2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

- C. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these.
- D. "Covered pollution cost or expense" means any cost or expense arising out of:

1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

- E. "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".
- F. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- G. "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.
- H. "Insured contract" means:
 1. A lease of premises;
 2. A sidetrack agreement;
 3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement; or
6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

- a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
- c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.
- I. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- J. "Loss" means direct and accidental loss or damage.
- K. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
 1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 2. Vehicles maintained for use solely on or next to premises you own or rent;
 3. Vehicles that travel on crawler treads;

4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a. Power cranes, shovels, loaders, diggers or drills; or
 - b. Road construction or resurfacing equipment such as graders, scrapers or rollers;
5. Vehicles not described in Paragraph 1., 2., 3. or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or
 - b. Cherry pickers and similar devices used to raise or lower workers; or
6. Vehicles not described in Paragraph 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

- L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- M. "Property damage" means damage to or loss of use of tangible property.
- N. "Suit" means a civil proceeding in which:
 1. Damages because of "bodily injury" or "property damage"; or
 2. A "covered pollution cost or expense";
 to which this insurance applies, are alleged.
 "Suit" includes:
 - a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.
- O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- P. "Trailer" includes semitrailer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

For a covered "auto" licensed or principally garaged in Texas, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Changes In Physical Damage Coverage

1. The following exclusion is added to Paragraph **B. Exclusions** in the **Physical Damage Coverage** section:

We will not pay for "loss" due to or as a consequence of a seizure of a covered "auto" by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

2. Paragraphs **C.2.** and **C.3.** of the **Limit Of Insurance** provision under **Physical Damage Coverage** do not apply.
3. Paragraph **D. Deductible** in the **Physical Damage Coverage** section is amended by the addition of the following:

At the mutual agreement of you and us, we will not apply the deductible to "loss" to glass, if the glass is repaired rather than replaced.

B. Changes In Conditions

The following condition is added:

Claim-handling Procedures

1. Within 15 days after we receive written notice of a claim, we will:
 - a. Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - b. Begin any investigation of the claim; and

- c. Specify the information you must provide in accordance with Paragraph **b.** of the Duties Condition.

We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

2. After we receive the information we request, we will notify you in writing as to whether:
 - a. The claim will be paid;
 - b. The claim has been denied, and inform you of the reasons for denial;
 - c. More information is necessary; or
 - d. We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **2.a.** through **2.d.** above, within:

- a. 15 "business days"; or
- b. 30 days if we have reason to believe the "loss" resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

3. If a claim results from a weather-related catastrophe or a major natural disaster as defined by the Texas Department of Insurance, the claim-handling deadlines described above are extended for an additional 15 days.
4. If we notify you that we will pay your claim, or part of your claim, we will pay within five "business days" after we notify you.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms under this Policy, we will make payment within five "business days" after the date you have complied with such terms.

5. We will notify the first Named Insured in writing of:
- a. An initial offer to settle a claim made or "suit" brought against any "insured" under Covered Autos Liability Coverage of this Policy. The notice will be given no later than the 10th day after the date on which the offer is made.
 - b. Any settlement of a claim made or "suit" brought against the "insured" under Covered Autos Liability Coverage of this Policy. The notice will be given not later than the 30th day after the date of settlement.

As used in this condition, "business day" means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

C. Changes In Uninsured/Underinsured Motorists Coverage

All references to "Uninsured Motorists Coverage" in the title or text of any Coverage Form or endorsement thereto are changed to read "Uninsured/Underinsured Motorists Coverage".

D. Changes In Trailer Interchange Coverage

The following exclusion is added to Paragraph **B. Exclusions of Section III – Trailer Interchange Coverage** in the Motor Carrier Coverage Form and to Paragraph **B.2. Exclusions** of the Motor Carrier Endorsement if attached:

Texas Controlled Substance Act

We will not pay for "loss" due to or as a consequence of a seizure of a covered "auto" by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

E. Changes In Garagekeepers Coverage

If the Garagekeepers Coverage Endorsement or the Garagekeepers Coverage – Customers' Sound-receiving Equipment endorsement is attached, the following exclusion is added:

Texas Controlled Substance Act

We will not pay for "loss" due to or as a consequence of a seizure of a covered "auto" by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Paragraphs 2. and 5. of the Cancellation Common Policy Condition contained in Endorsement IL 00 17 are replaced by the following:

2. We may cancel this policy:

- a.** By mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.
- b.** For the following reasons, if this policy does not provide coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001:
 - (1)** If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
 - (2)** If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - (a)** Fraud in obtaining coverage;
 - (b)** Failure to pay premiums when due;
 - (c)** An increase in hazard within the control of the insured which would produce an increase in rate;
 - (d)** Loss of reinsurance covering all or part of the risk covered by the policy; or

(e) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

c. For the following reasons, if this policy provides coverage to a governmental unit, as defined under 28 TEX. ADMIN. CODE, Section 5.7001:

- (1)** If this policy has been in effect for less than 90 days, we may cancel this policy for any reason.
- (2)** If this policy has been in effect for 90 days or more, or if it is a renewal or continuation of a policy issued by us, we may cancel this policy, only for the following reasons:
 - (a)** If the first Named Insured does not pay the premium or any portion of the premium when due;
 - (b)** If the Texas Department of Insurance determines that continuation of this policy would result in violation of the Texas Insurance Code or any other law governing the business of insurance in Texas;
 - (c)** If the Named Insured submits a fraudulent claim; or
 - (d)** If there is an increase in the hazard within the control of the Named Insured which would produce an increase in rate.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. The refund will be pro rata, subject to the policy minimum premium. The cancellation will be effective even if we have not made or offered a refund.

B. The following condition is added:

Nonrenewal

1. We may elect to renew this policy except that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

2. If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

CYBER SECURITY LIABILITY ENDORSEMENT

NOTICE: INSURING AGREEMENTS B. AND C. INCLUDE CLAIMS MADE AND REPORTED COVERAGE. CLAIMS MADE AND REPORTED COVERAGE REQUIRES CLAIMS TO BE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY DURING THE POLICY PERIOD OR ANY APPLICABLE EXTENDED REPORTING PERIOD.

CLAIM EXPENSES ARE INCLUDED WITHIN THE APPLICABLE LIMIT OF INSURANCE SHOWN ON THE SCHEDULE ANY CLAIM EXPENSES PAID UNDER THIS COVERAGE FORM WILL REDUCE THE APPLICABLE LIMITS OF INSURANCE AND MAY EXHAUST THEM COMPLETELY.

PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.

In consideration of the payment of the premium and in reliance upon all statements and information furnished to **us** including all statements made in the application, its attachments and the material incorporated therein, which are incorporated herein and deemed to be a part of this policy, **we** agree as follows:

SCHEDULE

INSURING AGREEMENTS	
A. Security Event Costs	\$ 25,000 Each Security Event
B. Network Security and Privacy Liability Coverage	\$ 25,000 Each Claim
C. Employee Privacy Liability Coverage	\$ 25,000 Each Claim
D. Customer Notification Expenses Sublimit	\$ 15,000 Each Security Event
E. Public Relations Expenses Sublimit	\$ 15,000 Each Security Event
CYBER SECURITY ENDORSEMENT AGGREGATE LIMIT OF INSURANCE	\$ 25,000 All Loss
THIS ENDORSEMENT IS SUBJECT TO THE AGGREGATE LIMIT SHOWN IN THE DECLARATIONS OF THE FOLLOWING COVERAGE PART: COVERAGE PART: <u>General Liability</u> AGGREGATE LIMIT: \$ <u>2,000,000</u>	

I. Deductibles (applicable only to the following)

INSURING AGREEMENTS	DEDUCTIBLE
A. Security Event Costs	\$ 1,000 Each Security Event
B. Network Security and Privacy Liability Coverage	\$ 1,000 Each Claim

C. Employee Privacy Liability Coverage	\$ 1,000 Each Claim
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II. Continuity and Retroactive Dates

INSURING AGREEMENTS	CONTINUITY DATE	RETROACTIVE DATE
A. Security Event Costs	N/A	09/10/2018
B. Network Security and Privacy Liability Coverage	09/10/2018	09/10/2018
C. Employee Privacy Liability Coverage	09/10/2018	09/10/2018

Unless otherwise stated, the terms and conditions of this endorsement apply only to the coverage provided by this endorsement.

Throughout this endorsement the words "you" and "your" refer to the **Named Insured**. The words "we," "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in bold face type have a special meaning found in Section **III. DEFINITIONS**.

Various provisions in this endorsement restrict coverage. Read the entire endorsement carefully to determine **your** rights, duties and what is and is not covered.

We will provide coverage only for those insuring agreements for which a premium has been paid as indicated in the **SCHEDULE** to this endorsement. Our obligation to provide coverage ends when the applicable limit of insurance has been paid.

I. INSURING AGREEMENTS

A. Security Event Costs

We will reimburse you for **security event costs** incurred that are the direct result of a **security breach, privacy breach**, or breach of **privacy regulations** if:

1. the breach first happens after the applicable **retroactive date**;
2. the breach is first discovered by a **knowledgeable person** during the **policy period** and reported to us as soon as practicable but no later than 60 days after the end of the **policy period**; and

3. the breach involves a violation of a statute, rule, or regulation or your failure to provide required notice to affected individuals pursuant to a consent decree, judgment or settlement entered into with our prior written consent.

B. Network Security and Privacy Liability Coverage

We will pay **damages** you are legally obligated to pay and **claim expenses** incurred as a result of a **security breach** or **privacy breach** if:

1. the breach first happens after the applicable **retroactive date**;
2. the **claim** resulting from the breach is first made during the **policy period** and reported to us within 60 days after the end of the **policy period**.

C. Employee Privacy Liability Coverage

We will pay **damages** you are legally obligated to pay and **claim expenses** incurred as a result of injury to your **employee** caused by a **privacy breach** or the breach of **privacy regulations** if:

1. the breach first happens after the applicable **retroactive date**; and
2. the **claim** resulting from the breach is first made during the **policy period** and reported to us within 60 days after the end of the **policy period**.

II. INVESTIGATION, DEFENSE AND SETTLEMENT

A. Our Right to Investigate, Defend and Settle

1. We have the right to retain counsel to investigate and respond to a **security breach, privacy breach, or breach of privacy regulations** covered by this endorsement.
2. We have the right and duty to retain counsel to defend a **claim** or suit seeking to recover **damages** covered by this endorsement. If we are prohibited by applicable law from exercising our right to defend we will pay **reasonable and necessary legal fees**.
3. We have no duty to retain counsel, defend or pay any **loss** after the applicable limit of liability has been paid.

III. DEFINITIONS

The following definitions apply to the singular and plural forms of the words or terms:

- A. **Act of terrorism** means any violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion.
- B. **Adverse media report** means a broadcast or publication to the general public of a **newsworthy event**.
- C. **Bodily injury** means physical injury, sickness, disease, disability, mental anguish, mental injury or emotional distress sustained by a person, including death resulting therefrom at any time.
- D. **Claim** means a written demand received by you for **damages** or **non-monetary relief**, including the service of suit, an arbitration demand, an investigation or proceeding brought by a State's Attorney General or an enforcement action brought by the Federal Trade Commission to protect the privacy rights of consumers that results from a **security breach, privacy breach**, or breach of **privacy regulations**.
- E. **Claim expenses** mean:
 - 1. **Reasonable and necessary legal fees;**
 - 2. expenses incurred in the investigation, adjustment, defense, resolution or appeal of a **claim** or circumstances a **knowledgeable person** reasonably believes are likely to result in a **claim**; and
 - 3. the premium required to post a bond to appeal a judgment that is within the applicable limit of liability.
- F. **Computer hardware** means the physical components of any **computer system** including CPU's, memory storage devices, storage media, and input/output devices and other peripheral devices and components including but not limited to cable, connectors, fiber optics, networking equipment, **electronic data** storage devices, input and output devices, backup facilities, wire, power supply units, keyboards, display monitors and audio speakers.
- G. **Computer program(s)** means an organized set of instructions that, when executed, causes a computer to behave in a predetermined manner. **Computer program(s)** include but are not limited to communications, networking, operating system, and internet hosting applications, data processing and related

computer programs used to create, maintain, modify, process, retrieve, store, and/or transmit **electronic data**.

- H. Computer system** means an electronic, wireless, web or similar systems (including all **computer hardware**, **computer programs** and **electronic data**) used to process data or information in an analog, digital, electronic or wireless format, including but not limited to, associated input and output devices, data storage devices, networking equipment, wired or wireless peripherals, electronic backup facilities, and media libraries, that is owned or leased, operated and controlled by you or operated by an authorized independent contractor.
- I. Continuity date** means the dates set forth as such in the **SCHEDULE** applicable to the relevant insuring agreement.
- J. Corporate Information breach** means public disclosure of an organization's non-public information that:
1. is in your care, custody or control; and
 2. was provided to you under a written confidentiality/non-disclosure agreement.
- K. Credit protection services** means free credit report, identity theft protection services, credit monitoring services, credit freezes or fraud alerts provided to the affected individuals as appropriate. We will pay only pay for the reasonable and necessary costs and expenses incurred in providing Credit **protection services** to an affected individual for a period of twelve (12) months beginning on the date of your discovery of the **security breach** or **privacy breach**, unless a longer period is required by a statute, rule, regulation, or agreement entered into with our prior written consent.
- L. Customer notification expenses** means expenses you are obligated to incur to comply with state or federal privacy legislation mandating notification in the event of the actual or suspected **unauthorized access** by a third party to non-public personal, financial or medical information of an individual. **Customer notification expenses** include postage and other expenses you incur to provide the required notification but do not include **public relations expenses** or amounts paid to a consultant or for vendor services.
- M. Damages** means a monetary judgment, award, or settlement, including punitive damages or exemplary damages where not prohibited by any potentially applicable law.
- Damages** does not mean:
1. multiplied damage awards, fines, taxes, sanctions, statutory penalties, or attorneys fees whether imposed by law, court or otherwise.

2. future profits, restitution, or disgorgement of profits or lost income; or the cost to comply with orders granting injunctive relief, including specific performance, or any agreement to provide such relief;
 3. Return, reduction, loss, restitution or offset of fees, charges, royalties, lost profits or commissions for goods or services already provided or contracted to be provided;
 4. Liquidated damages, fines or penalties owed under the terms of a contract, judgment, consent decree or settlement;
 5. Any amount that may be deemed uninsurable under the law pursuant to which this policy may be construed;
 6. Costs or expenses incurred to comply with injunctive, non-monetary or declaratory relief including specific performance or any agreement to provide such relief;
 7. Costs or expenses incurred to convert, re-perform or complete any work; or
 8. Discounts, coupons, refunds or other incentives offered to your customers or clients.
- N. Denial of service** means unauthorized or unexpected interference or malicious attack by any person(s) or entity(ies) that restricts or prevents access to a **computer system** by persons or entities authorized to gain access to the **computer system** or **digital assets**.
- O. Digital assets** mean **electronic data** and **computer programs** that exist in a **computer system**. **Digital assets** do not include **computer hardware**.
- P. Electronic data** means machine-readable information that exists in a **computer system**, including but not limited to your business information and customer information, other than **computer programs**.
- Q. Electronic media** means floppy disks, CD ROM's, hard drives, magnetic tapes, magnetic discs, or any other media on which **electronic data** is recorded or stored.
- R. Employee(s)** means any individual in your service, including any part-time, seasonal, and temporary **employee**, who is compensated by salary, wages, fees or commissions and whom you have the right to direct and control, but excluding any of your partners, officers or directors. **Employee(s)** also include leased workers and independent contractors while acting on your behalf who you have agreed to indemnify in a written contract. **Employee(s)** also includes volunteers and un-paid

interns in your service while performing duties equivalent to those of an employee, who have signed your **privacy policy**.

- S. Endorsement aggregate limit** means the ENDORSEMENT AGGREGATE LIMIT OF INSURANCE for this policy set forth in the **SCHEDULE**.
- T. Insured** means the **Named Insured** and a Director or Officer of a Named Insured for liability that results from his or her performance of the duties owed to the **Named Insured**.
- U. Knowledgeable person** means your Managing Partner, President, Executive Director, Chairman, Chief Information Officer, Chief Technology Officer, Chief Security Officer, Risk Manager, General Counsel or a person holding a similar position.
- V. Knowingly wrongful conduct** means dishonest, fraudulent, criminal or malicious act, error or omission, or any intentional or knowing violation of the law, or gaining of any profit or advantage to which an **insured** is not legally entitled;
- W. Loss** means all amounts we are obligated to pay under this endorsement and includes **claim expenses**. **Loss** does not mean and we have no duty to pay or reimburse you for:
1. Restoring, updating or replacing **digital assets**;
 2. Physical damage to the **computer hardware** or data center
 3. Contractual penalties, liquidated or consequential damages, except those penalties or damages that the **insured** would be liable for in the absence of a contract or agreement;
 4. Economic or market value of **digital assets**; or
 5. Costs or expenses incurred to repair, restore, remediate, replace, reprogram, redesign, reconfigure, maintain, identify, patch, remove, or eradicate software program errors or **computer system** vulnerabilities; or to restore the **computer system**.
- X. Malicious code** means unauthorized and corrupting or harmful computer code, including not limited to computer viruses, spy ware, Trojan horses, worms, logic bombs, and mutations of any of the preceding.
- Y. Named Insured** means the entity or entities identified in Item One of the Declarations to this Policy or in this endorsement as a Named **Insured**.

- Z. Non-monetary relief** means a written demand for non-economic redress of an injury.
- AA. Newsworthy event** means an actual or potential **privacy breach, security breach**, or violation of **privacy regulations** that has or is reasonably likely to be publicized to the general public through a media outlet.
- BB. Personally identifiable information** means any individual's name in combination with any one or more of the following, whether in electronic or paper format:
1. Social security number;
 2. Driver's license number or any other state identification number;
 3. Non-public medical or healthcare data including protected health information;
 4. Any account number, or credit or debit card number in combination with any required password, access or other security code that would permit access to the financial account;
 5. Non-public personal information as defined in any **privacy regulation**; or
 6. An animal's name in combination with veterinary records or details of services deemed confidential under applicable law.
- CC. Policy period** means the period of time from the effective date to the expiration date specified in the Declarations of the policy to which this endorsement is attached
- DD. Pollutants** mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- EE. Privacy breach** means a common law or statutory breach of confidence or violation of any common law or statutory rights to privacy, including but not limited to breach of your **privacy policy**, breach of a person's right of publicity, false light, intrusion upon a person's seclusion, or public disclosure of a person's or animal's private information. Privacy breach will also include a **corporate information breach**.
- FF. Privacy policy** means your policies in written or electronic form that govern the collection, dissemination, confidentiality, integrity, accuracy or availability of **personally identifiable information** provided to your **employees** or third parties.

GG. Privacy regulations mean statutes and regulations designed and intended to protect the confidentiality and use of **personally identifiable information** including:

1. Health Insurance Portability and Accountability Act of 1996 (“HIPAA”);
2. Gramm-Leach-Bliley Act of 1999 (“G-L-B”);
3. Privacy protection laws enacted by state governments, like the California Database Protection Act of 2003, to control access to and the use of **personally identifiable information**;
5. Privacy provisions of consumer protection laws, such as the Federal Fair Credit Reporting Act (“FCRA”) and the California Consumer Credit Reporting Agencies Act (“CCCAA”);
6. Children’s Online Privacy Protection Act;
7. EU Data Protection Act; and
8. Any alleged violation of law regarding the confidentiality of animal records

HH. Professional services means those acts or services requiring specialized knowledge, skill or professional judgment, which you render, or for which any person or entity renders on your behalf, to others pursuant to a written agreement and for a fee or other consideration.

Professional services do not include an **insured’s** obligation to maintain the confidentiality of **personally identifiable information**.

II. Property damage means physical injury to tangible property, including all resulting loss of use of such property or loss of use of tangible property that is not physically injured.

JJ. Public relations expenses, means the reasonable and necessary expenses you incur to re-establish your reputation or public image that was damaged as a direct result of **security breach, privacy breach**, or breach of a **privacy regulation**.

Public relations expenses do not include **customer notification expenses**.

KK. Reasonable and necessary legal fees means amounts incurred to obtain required legal services for rates that are no higher than the rates we would pay to qualified counsel in the region where the breach occurred or the **claim** is pending.

LL. **Related claims** means **claims** that arise out of a **security breach, privacy breach,** or breach of **privacy regulation** that share any causal connection.

MM. **Retroactive date** means those dates as set forth in the **SCHEDULE**

NN. **Security breach** means:

1. **Unauthorized access** of your **computer system** or **unauthorized use** of **computer systems** including **unauthorized access** or **unauthorized use** resulting from the theft of a password from your **computer system**;
2. A **denial of service** attack against your **computer systems**; or
3. Infection of your **computer systems** by **malicious code** or transmission of **malicious code** from your **computer systems**.

A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a failure(s) of computer security, shall be considered a single **security breach** and be deemed to have occurred at the time of the first such **security breach**.

OO. **Security event costs** means:

1. **Reasonable and necessary legal fees**;
2. Reasonable and necessary costs and expenses you incur in providing the notification required by statutes, rule or regulations, or which you incur to comply with the terms of a judgment, consent decree, settlement, or other legal obligation, including a regulatory fine or penalty where required by law;
3. Computer forensic costs of outside experts retained to determine the scope, cause, or extent of any theft or unauthorized disclosure of information, but such expenses do not include amounts paid to or incurred by an **insured** or **employees**;
4. Amounts paid to obtain **credit protection services** for individuals affected by the **security breach**;
5. Expenses incurred to mitigate harm to your brand or reputation following an **adverse media report**;
6. **Customer notification expenses**, but only if an amount is shown in the **SCHEDULE** for the Customer Notification Expenses Aggregate Sublimit; and
7. **Public relations expenses**, but only if an amount is shown in the **SCHEDULE** for Public Relations Expenses Aggregate Sublimit

PP. Unauthorized access means the gaining of access to a **computer system** by an unauthorized person or persons.

QQ. Unauthorized use means the use of a **computer system** by an unauthorized person or persons or an authorized person in an unauthorized manner.

IV. EXCLUSIONS

This endorsement does not provide coverage for any **Loss** arising out of or attributable, directly or indirectly, to:

- A.** Any failure, outages, or disruption of power, utility services, satellites, or telecommunications external services not under your direct operational control, including electrical disturbances, surge, brownout, or blackout;
- B.** Any seizure, destruction or damage to, or loss of use of, the **computer system** or **electronic data** arising out of any action of a governmental authority, including any delay caused by the restrictions or requirements imposed by any governmental authority;
- C.** Fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, act of God, or any other physical event or peril, unless explicitly covered under this policy;
- D.** Failure to ensure that the **computer system** is reasonably protected by security practices and systems maintenance procedures;
- E.** Any **loss**, circumstance, act, error, or omission committed prior to the inception date, if on or before the inception date of this policy a **knowledgeable person** knew or could reasonably have foreseen such circumstance, act, error, or omission may be the basis of any **loss** under the Insuring Agreements or **covered cause of loss**;
- F.** Any loss or circumstance you previously provided notification of to a prior insurer;
- G.** Any **act of terrorism**, strike or similar labor action, war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any action taken to hinder, defend, control, prevent or suppress any of the foregoing, however the following must apply:
 - 1. Exclusions for acts of terrorism apply if the act(s) of terrorism result(s) in industry-wide insured losses that exceed \$25,000,000 for related incidents that occur within a 72 hour period; or

2. Fifty or more persons sustain death or serious physical injury for related incidents that occur within a 72 hour period. For the purposes of this provision serious physical injury means:
 - a. Physical injury that involves a substantial risk of death;
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.
3. Exclusions for acts of terrorism are not subject to the limitations above if:
 - a. The act involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination;
 - b. The act is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - c. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.
- H. Any discharge, dispersal, release or escape of any solid, liquid, gaseous, biological, radiological or thermal irritant or contaminant, including smoke, vapor, dust, fibers, spores, fungi, germs, soot, fumes, asbestos, acids, alkalis, chemicals and waste (including but not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials) into or upon land, the atmosphere or any water-course or body of water or any cost or expense arising out of any direction, request or voluntary action to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize any **pollutants**;
- I. Ordinary wear and tear or gradual deterioration of the **computer system** or **digital assets**;
- J. Any actual or alleged **bodily injury**; provided, however, that this exclusion shall not apply to mental injury, mental anguish or emotional distress with respect to any otherwise covered **claim** under Insuring Agreements **B. Network Security and Privacy Liability Coverage** or **C. Employee Privacy Liability Coverage**;
- K. Infringement, misappropriation or violation of any patent, copyright, trademark, service mark, trade dress, trade name, or other intellectual property right;
- L. Any employment practices or discrimination against or harassment of any person or entity on any basis, including but not limited to: race, creed, color, religion, ethnic background, national origin, age, handicap, disability, gender, marital status, sexual orientation or pregnancy;
- M. The rendering of or failure to render **professional services**;
- N. Any **knowingly wrongful conduct** on the part of an **insured**, however, we will pay **claim expenses** incurred before a determination is made that the wrongful conduct occurred as evidenced by a finding of fact, judgment, admission, plea of nolo contendere or no contest;

- O. Any guarantee, representation or promise you make relating to contract price, costs, cost savings, return on investment or profitability, including your failure to meet cost guarantees, representations or contract price;
- P. Any contractual liability or obligation or any breach of any contract, including any liability of others assumed by you, unless such liability would have attached to you even in the absence of such contract;
- Q. Any failure to effect or maintain any insurance or bond;
- R. Any violation of the Securities Exchange Act of 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or Securities Law or rules, regulations or amendments issued in relation to such acts, or any similar state, federal or foreign statutes or regulations;
- S. Any **claim** brought by, on behalf of, or at the behest of, or for the benefit of any **insured**;
- T. Any pending or prior litigation as of the **continuity date** of this endorsement as well as all future **claims** or litigation based on the prior litigation derived from the same or essentially the same facts (actual or alleged) that gave rise to the prior or pending litigation;
- U. Any act committed prior to the **policy period** and subsequent to the **retroactive date** for which you gave notice under any prior insurance policy or which any **knowledgeable person** had any basis to believe might reasonably be expected to give rise to a **claim** under this endorsement;
- V. Any unsolicited electronic dissemination of faxes, emails, or other communications to multiple actual or prospective customers by you or any other third party, including actual or alleged violations of:
 - 1. The Telephone Consumer Protection Act (TCPA) as amended;
 - 2. The CAN-SPAM Act of 2003 as amended; or
 - 3. Any other federal, state or foreign anti-spam or telemarketing statute;
- W. Any express warranties or guarantees or any liability you assume under contract unless you would have been legally liable in the absence of such contract;
- X. Any dispute involving your fees or charges, or for any alleged inaccurate, inadequate or incomplete description of the price of your goods, products or services; or
- Y. Any actual or alleged gambling, contest, lottery, promotional game or other game of chance.

V. POLICY TERMS AND CONDITIONS

A. Limits of Insurance

1. We shall not be liable for more than the **endorsement aggregate limit** shown in the **SCHEDULE** during a **policy period**. The **endorsement aggregate limit** shown the **SCHEDULE** is the most we will pay for all **loss** under this endorsement. The **endorsement aggregate limit** applies without regard to the number of: **security breaches; privacy breaches; breaches of privacy regulations; claims;** or claimants.
2. Any sub-limits shown in the **SCHEDULE** are part of, subject to, included within, and do not increase, the **endorsement aggregate limit**. The limits shown the **SCHEDULE** for each individual Insuring Agreement is the most we will pay for **loss** under that Insuring Agreement.
3. The Customer Notification Expenses Aggregate Sublimit set forth in the **SCHEDULE** is the most we will pay for **customer notification expenses** under this endorsement.
4. The Public Relations Expenses Aggregate Sublimit set forth in the **SCHEDULE** is the most we will pay for **public relations expenses** under this endorsement.
5. All **loss** resulting from, **related claims** is subject to the applicable each **claim** in the policy in effect at the time the earliest of the **related claims** was reported.
6. The **endorsement aggregate limit** shall be part of, subject to, and not in addition to, the Aggregate Limit of Liability set forth in the Declarations of the policy to which this endorsement is attached.

B. Deductible

1. We shall be liable only for **loss** or **claim** in excess of the applicable deductible shown in the **SCHEDULE**. The deductible applies separately to each **security event** or **claim**.
2. We have no obligation to pay **loss** until the deductible has been paid.

C. In Case of Loss

1. If a **knowledgeable person** has information from which it may be reasonably concluded that a **security breach, privacy breach,** or breach of **privacy regulations** has occurred written notice must be provided to us as soon as practicable, but in no event later than 60 days after the end of the **policy period**.

2. No coverage is provided under this endorsement for any **loss** paid or incurred or settlement entered into without our prior written consent, which will not be unreasonably withheld. This consent requirement can be waived, at our sole discretion, if we determine that it was not possible for the **insured** to obtain our consent and the **loss** was paid or incurred to mitigate **loss**.
3. You must provide evidence of the **loss** for which you are seeking coverage under this endorsement. You must provide detailed proof of all circumstances leading to the **loss** event, including the **loss** amount justification, as soon as practicable, but under no circumstances later than sixty (60) days after the **loss** event. You will provide us with details of the **loss**, threat or failure, including a description of the incident and as applicable, a description of the equipment involved, system logs, security logs, statements from outside experts or consultants, and a description of the **digital assets** involved.
4. You must take all reasonable steps to protect the **computer system** to prevent additional **loss** or damage. These reasonable steps include taking all necessary and reasonable measures to ensure that all traces of **malicious code** have been removed prior to using the **computer system**. Any additional loss resulting from the original **malicious code** will be subject to a separate deductible, which will be one hundred and fifty percent (150%) of the original deductible.
5. It is your sole responsibility to report the **loss** to any applicable governmental authorities, if appropriate.
6. To recover **loss** under Insuring Agreement A. you must complete and submit to us a signed Final Statement of Loss, in written or electronic form. Unless we agree to an extension the Final Statement of Loss must be submitted within one hundred and twenty (120) days after the **security breach, privacy breach** or breach of **privacy regulations** is discovered by a **knowledgeable person** and must include completed description of the circumstances that resulted in the **loss** and a calculation of the **loss**. The Final Statement of Loss must be duly sworn to by your Chief Financial Officer or by another officer of equal authority.
7. You must provide us all information and assistance that we reasonably request and cooperate with us and our designated representatives in the investigation and adjustment of any **loss** and the defense or resolution of any **claim**. Once we pay the adjusted covered **loss**, receipt of reimbursement will constitute a full release of our liability under this endorsement.

D. Subrogation, Salvage and Recoveries

It is agreed that upon payment of any **loss** or **claim** under this endorsement, we shall become subrogated to all your rights, title, interest and causes of action with

respect to such **loss** or **claim**. You must do nothing after **loss** or **claim** to impair those rights.

In the case of recovery after payment for any **loss** or **claim** under this endorsement, the amount recovered, after deducting the actual cost of obtaining or making such recovery but excluding your own labor or establishment costs, shall be applied in the following order:

1. To reimburse you in full for the part, if any, of such **loss** or **claim** that exceeds the amount of **loss** or **claim** paid under this endorsement (excluding the amount of any applicable deductible);
2. The balance if any, or the entire net recovery if no part of such **loss** or **claim** exceeds the amount of **loss** or **claim** paid under this endorsement to reimburse us;
3. To that part of such **loss** or **claim** you sustained by reason of the Deductible shown in the **SCHEDULE** and/or to that part of such **loss** or **claim** is covered by any policy(ies) of insurance to which this endorsement is excess.

E. Other Insurance

Except for **customer notification expenses** and **public relations expenses**, coverage provided under this endorsement shall be excess of any valid and collectible insurance provided to you by other insurers.

Customer notification expenses and public **relations expenses** shall be considered primary insurance under this endorsement.

F. Headings

The descriptions in the headings of this endorsement attached hereto are solely for convenience, and form no part of the terms and conditions of coverage.

G. Coordination Among Insuring Agreements

Coverage exists only for those Insuring Agreements designated as included in the **SCHEDULE** and for which a premium was paid. Each Insuring Agreement contains terms which limit coverage.

In the event that **loss** resulting from a related incident is covered by Insuring Agreement B. and C. we will not pay more than the lesser of the actual **loss** or the highest available Limit of Liability. In no event will we be required to pay more than the **endorsement aggregate limit** identified in the **SCHEDULE**.

If coverage is provided under more than one Insuring Agreement for the same **claim** or loss, the maximum applicable deductible shall be the highest applicable deductible that applies under any Insuring Agreement providing coverage.

In the event that **loss** is covered by more than one Insuring Agreement **of** the endorsement, the policy to which it is attached or any other policy issued by us we will not pay more than the lesser of the actual **loss** or the highest available Limit of Liability of the applicable Insuring Agreement or policy.

H. Extended Reporting Periods – Applicable to Insuring Agreements B and C.

1. If we or you cancel or refuse to renew this endorsement for reasons other than non-payment of premium, we will provide to you a sixty (60) day Automatic Extension of the coverage granted by this endorsement, at no additional charge, for any **claim** first made against you and reported to us during the sixty (60) day extension period but only as respects acts, errors or omissions committed after the **retroactive date** (if any) stated in the **SCHEDULE** and prior to the date of cancellation or non-renewal. In the event you purchase replacement coverage for this endorsement or a Supplemental Extended Reporting Period under 2. below, said sixty (60) day Automatic Extension period will terminate upon the effective date of said replacement coverage or extended reporting period.
2. If we or you cancel or refuse to renew this endorsement for reasons other than non-payment of premium, you shall have the right to purchase an optional Supplemental Extended Reporting Period for twelve months (12) for 100% of the expiring annual premium; twenty-four months (24) for 125% of the expiring annual premium; thirty-six months (36) for 150% of the annual expiring premium; forty-eight months (48) for 175% of the expiring annual premium; sixty months (60) for 200% of the expiring annual premium; or seventy-two months (72) for 225% of the expiring premium. This extension will provide coverage granted by this endorsement for any claim first made against you and reported to us during the Supplemental Extended Reporting Period. This Supplemental Extended Reporting Period only applies to acts, errors or omissions committed after the **retroactive date** (if any) stated in the **SCHEDULE** and prior to the date of cancellation or non-renewal. You must apply for this extension in writing accompanied by payment of the appropriate premium prior to the expiration of the sixty (60) day Automatic Extension period under 1. above, such premium for the Supplemental Extended Reporting Period shall be fully earned at inception.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY..

BINDING ARBITRATION

Wherever, used in this endorsement: 1) “we”, “us”, “our”, and “insurer” mean the insurance company which issued this policy; and 2) “you”, “your”, “named insured”, “first named insured”, and “insured” mean the Named Corporation, the Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) “other insured(s)” means all other persons or entities afforded coverage under this policy.

This endorsement modifies coverage provided under the Coverage Part to which it is attached.

If we and the insured do not agree whether coverage is provided under this Coverage Part for a claim made against the insured, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

All other terms of the policy remain unchanged.

DAY CARE ORGANIZATION PROFESSIONAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we," "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under **Section II - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. **Refer to Section V - DEFINITIONS.**

SECTION I - COVERAGE

DAY CARE ORGANIZATION PROFESSIONAL LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as "damages" to which this insurance applies. We have the right and duty to defend any "suit" seeking those "damages." However, we will have no duty to defend the insured against any "suit" seeking "damages" to which this insurance does not apply. We may at our discretion, investigate any "professional incident" and settle, subject to Section IV, CONDITION II, any claim or "suit." But
 - (1) The amount we will pay for "damages" is limited as described in **Section III, LIMITS OF INSURANCE**; and
 - (2) Our right and duty to defend end when we have used up our

applicable limit of insurance in the payment of judgments or settlements.

- b. This insurance applies to "damages" only if:

- (1) The "damages" result from a "professional incident" that takes place in the coverage territory"; and
- (2) The "professional incident" occurs during the policy period.

2. Exclusions

This insurance does not apply to "damages":

1. Expected or intended from the standpoint of the insured.
2. For any actual or alleged breach of contract or agreement. This exclusion does not apply to liability for "damages" that the insured would have in the absence of the contract or agreement.
3. Arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."
4. Arising out of the prescription, utilization, furnishing, or dispensing of drugs or medical, dental or nursing supplies or appliances, except as directed by a physician and in the normal practice as a day care organization provider.
5. Arising out of the furnishing or failure to furnish professional services by an attorney, architect, engineer, accountant, real estate or investment manager, physician, dentist, psychiatrist, anesthesiologist, nurse anesthetist, nurse practitioner, nurse midwife, x-ray therapist, radiologist, chiropodist, chiropractor, optometrist or

veterinarian.

However, with respect to you and your “employees” only, this exclusion does not apply to services performed by a physician, dentist, psychiatrist, nurse practitioner or optometrist, provided that all of the following conditions are met:

- a. Such professional is not your “employee” or volunteer;.
 - b. You have current documentation of the credentials of such professional; and
 - c. You have current written confirmation of malpractice insurance covering such professional.
6. Arising out of membership in a formal accreditation or similar professional board or committee or any hospital or professional society.
 7. Arising out of injury to any insured, or any consequential injury to the spouse, child, parent, brother or sister of that insured.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
 - b. To any obligation to share “damages” with or repay someone else who must pay “damages” because of the injury.
8. Arising out of any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
 9. Arising out of any claim made by:
 - a. A person because of any:
 - (1) Refusal to employ that person;
 - (2) Termination of that person’s employment; or
 - (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation

or discrimination directed at that person; or;

- b. The spouse, child, parent, brother or sister of that person as a consequence of any “damages” or injury to that person at whom any of the employment-related practices described in paragraphs (1), (2), or (3) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
 - (2) To any obligation to share “damages” with or repay someone else who must pay “damages.”
10. Arising from “advertising injury” or “personal injury.”

However, this exclusion does not apply to “personal injury” when the offense is directly resulting from a “professional incident” and the “personal injury” does not arise out of:

- a. Oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
 - b. Oral or written publication of material, whose first publication took place before the beginning of the policy period; or
 - c. The willful violation of a penal statute or ordinance committed by or with the consent of the insured.
11. Arising out of damage to property:
 - a. Owned, occupied or used by any insured;
 - b. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by any insured;
 - c. Which is or was in the possession of any insured or any person acting on behalf of any insured; or

- d. That is real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are or were performing operations.
12. Arising out of any:
 - a. "Pollution hazard";
 - b. "Nuclear hazard";
 - c. "Asbestos hazard"; or
 - d. "Lead hazard."
 13. Arising out of actual or alleged discrimination.
 14. Arising out of unfair competition or violation of any anti-trust laws.
 15. Arising out of the inability or failure of the insured or others to collect or pay money.
 16. Arising out of an insured gaining any personal profit or advantage to which they are not legally entitled.
 17. Arising out of liability under the Employment Retirement Income Security Act of 1974 and any amendments to that law, or any similar federal or state law.
 18. Arising out of any criminal, dishonest, fraudulent or malicious act or omission. This exclusion does not apply to any insured who did not:
 - a. Personally participate in committing any such act; or
 - b. Remain passive after having personal knowledge of any such act or omission.
 19. Arising out of any claim made or "suit" brought against an insured by another insured.
 20. Arising out of acts, errors or omissions of a managerial or administrative nature.
1. All expenses we incur including defense costs.
 2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$100 a day because of time off from work.
 4. All costs taxed against the insured in the "suit."
 5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

1. You are an insured. Your "executive officers," and directors are insureds, but only with respect to their duties as your officers or directors.
2. Each of the following is also an insured:
 - a. Your "employees," other than your "executive officers," but only for acts within the scope of their employment by you or while performing duties related to the conduct of your organization;
 - b. Your volunteers, but only for acts within the scope of their duties related to the conduct of your organization; and
 - c. Students in training, but only for acts within the scope of their duties related to

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim or "suit" we defend:

the conduct of your organization.

However, no "employee," volunteer or student in training is an insured for:

(1) "Damages" arising out of injury to you or to another "employee," volunteer, or student in training while in the course of his or her employment or while performing duties related to the conduct of your organization;

(2) To the spouse, child, parent, brother or sister of that "employee," volunteer, or student in training as a consequence of paragraph (1) above;

(3) For which there is any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury described in paragraphs (1) or (2) above;

(4) "Damages" arising out of furnishing or failing to furnish professional health care services as a physician or dentist, or as a person responsible for the supervision of any of the above named professionals;

(5) "Damages" arising out of furnishing or failing to furnish professional services or advice as an attorney, accountant, architect, engineer, or as a person responsible for the supervision of any of the above named professionals; or

(6) Damage to property owned, occupied by, rented to or loaned to you or any of your "employees," volunteers or students in training.

d. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will be deemed to be a Named Insured if there is no other similar insurance available to that organization.

However:

(1) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

(2) Professional Liability Coverage does not apply to a "professional incident" that occurred before you acquired or formed the organization.

SECTION III – LIMIT OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits."

2. The Aggregate Limit is the most we will pay for all "damages" to which this insurance applies.

3. Subject to 2. above, the Each Professional Incident Limit is the most we will pay for the sum of all "damages" arising out of the same "professional incident" to which this insurance applies.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – CONDITIONS

1. Bankruptcy.

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Your Authority And Duties.

The first Named Insured shown in the

Declarations agrees to act on behalf of all insureds with respect to cancellation, notice of any "professional incident" claim or "suit," payment or return of any premium, or consent to a claim settlement that we recommend. Each insured, by accepting this insurance, agrees to:

- a. Have the first Named Insured act for them in such matters; and
- b. Promptly notify the first Named Insured, in writing, of any "professional incident" which may result in a claim, or any claim or "suit" brought against them.

3. Duties In The Event Of Professional Incident, Claim Or Suit.

- a. You must see to it that we are notified as soon as practicable of a "professional incident" which may result in a claim. To the extent possible, notice should include:

- (1) All available information about the circumstances concerning the "professional incident" including:

- (a) How, when and where it took place; and
- (b) The names and addresses of any witnesses and persons seeking "damages," and

- (2) What claim you think may result.

However, even when you notify us of a "professional incident," this does not relieve you of your obligation to also notify us of any resulting claim or "suit."

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit";
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- (5) In no way jeopardize our rights after a "professional incident."

- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

4. Legal Action Against Us.

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis if:

- (1) If your "employee" or volunteer has other insurance covering his or her professional liability.
- (2) You have purchased insurance from a company other than us or a company affiliated with us which is more specific than this insurance.

When this insurance is excess, we will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not

described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If the other insurance does not permit contribution by equal shares, we will continue by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

6. Rules and Rates

We will compute all premiums for this Coverage Part in accordance with our rules and rates.

7. Representations.

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

8. Separation Of Insureds.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is

brought.

9. Transfer of Rights Of Recovery Against Others To Us.

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

10. Governmental Immunity.

If you are a public institution, you may be entitled to Governmental Immunity. This Coverage Part does not constitute a waiver of any Governmental Immunity to which you are entitled.

11. Settlement.

If the first Named Insured refuses to consent, within a reasonable period of time, to any settlement offer we recommend and elects to contest the claim or continue any legal proceedings in connection with such claim then, subject to the provisions of **Section III, LIMITS OF INSURANCE**, our liability for the claim will not exceed the amount for which the claim could have been settled, plus the cost of defense incurred by us up to the date of such refusal.

12. Two or More Coverage Parts Or Policies Issued By Us.

It is our stated intention that the various coverage parts or policy issued to you by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim or "suit." We have exercised diligence to draft our coverage parts or policies to reflect this intention, but should the circumstances of any claim or "suit" give rise to such duplication or overlap of coverage then, notwithstanding the other insurance provision, if this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "professional incident," occurrence, offense, wrongful act, accident or loss, the maximum Limit of Insurance under all such coverage parts or policies combined shall

not exceed the highest applicable Limit of Insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

13. When We Do Not Renew.

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewable not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. **"Advertising injury"** means injury arising out of one or more of the following offenses committed in the course of advertising your goods, products or services:
 - a. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. Oral or written publication of material that violates a person's right of privacy;
 - c. Misappropriation of advertising ideas or style of doing business; or
 - d. d. Infringement of copyright, title or slogan.
2. **"Asbestos hazard"** means:
 - a. (1) Inhaling, ingesting or prolonged physical exposure to asbestos or goods or products containing asbestos;
 - (2) The use of asbestos in constructing or manufacturing any good, product or structure;
 - (3) The removal of asbestos from any good, product or structure;

- (4) Any request, demand or order for the removal of asbestos from any good, product or structure; or
- (5) The manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos.
- b. The investigation, settlement or defense of any claim, "suit," proceeding, "damages," loss, cost or expense excluded by a. above.
- 3. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.
- 4. **"Coverage territory"** means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. All parts of the world if:
 - (1) The injury or damage arises out of the activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay "damages" is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
- 5. **"Damages"** means a monetary:
 - a. Judgment;
 - b. Award; or
 - c. Settlement,but does not include fines, sanctions, penalties, punitive or exemplary damages or the multiple portion of any damages
- 6. **"Employee"** includes a "leased worker." "Employee" includes a "temporary worker."
- 7. **"Executive officer"** means a person holding any of the officer positions created

by your charter, constitution, by-laws or any other similar governing document.

8. **"Lead hazard" means:**

- a. (1) Exposure to or existence of lead, paint containing lead, or any other material or substance containing lead; or
- (2) Manufacture, distribution, sale, resale, rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of lead, paint containing lead, or any other material or substance containing lead;

Whether or not the lead is or was at any time airborne as a particulate, contained in a product ingested, inhaled, transmitted in any fashion, or found in any form whatsoever.

- b. (1) Any testing for, monitoring, cleaning up, removing, abating, containing, treating or neutralizing lead, paint containing lead, or any other substance or material containing lead or in any way responding to or assessing the effects of lead, or
- (2) Any Request, demand or order to test for, monitor, clean up, remove, abate, contain, treat or neutralize lead, paint containing lead, or any other substance or material containing lead, or in any way respond to, or assess the effects of lead.
- c. The investigation, settlement or defense of any claim, "suit," proceeding, "damages," loss, cost or expense excluded by a. and b. above.

- 9. **"Leased worker"** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

- 10. **"Loading or unloading"** means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."

11. "Nuclear hazard" means the existence of any nuclear reactor or device, nuclear waste storage or disposal site or any other nuclear facility, or the transportation of nuclear material, or the hazardous properties of nuclear material.

12. "Personal injury" means injury, other than bodily injury, arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

13. "Pollution hazard" means:

- a. (1) Any actual, alleged or threatened emission, discharge, dispersal, seepage, mitigation, release or escape of pollutants at any time; or
(2) Any clean up of pollutants, or
(3) Any request, demand or order for

any clean up of pollutants.

- b. The investigation, settlement or defense of any claim, "suit," proceeding, "damages," loss, cost or expense excluded by a. above.

Pollutants include any noise, solid, semi-solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, mists, acids, alkalis, chemicals, biological and etiologic agents or materials, electromagnetic or ionizing radiation and energy, genetically engineered materials, teratogenic, carcinogenic and mutagenic materials, waste and any other irritant or contaminant.

Waste includes any materials to be disposed, recycled, reconditioned or reclaimed.

Clean up of includes monitoring, removal, containment, treatment, detoxification or neutralization of, testing for or response in any way to, or assessment of the effects of pollutants.

14. "Professional incident" means any actual or alleged negligent:

- a. Act;
- b. Error; or
- c. Omission

in the actual rendering of professional services to others, including services as day care providers, in your capacity as a day care organization. Professional services includes the furnishing of food, beverages, medications or appliances in connection therewith.

Any or all "professional incidents" arising from interrelated or series of acts, errors or omissions shall be deemed to be one "professional incident" taking place at the time of the earliest "professional incident."

15. "Suit" means a civil proceeding in which "damages" are sought and to which this insurance applies.

“Suit” also includes:

- a. An arbitration proceeding in which such “damages” are sought and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such “damages” are sought and to which you submit with our consent.

16. “Temporary worker” means a person who is furnished to you to substitute for a permanent “employee” on leave or to meet seasonal or short-term workload conditions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES ENDORSEMENT

This endorsement modifies insurance provided under the following:

DAY CARE ORGANIZATION PROFESSIONAL LIABILITY

A. The **CONDITIONS** Section of this policy is modified as follows:

12. Two Or More Coverage Parts or Policies Issued By Us is deleted and replaced with the following:

12. Two Or More Coverage Parts Issued By Us.

It is our stated intention that the various coverage parts issued to you by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim or "suit". We have exercised diligence to draft our coverage parts to reflect this intention, but should the circumstances of any claim or "suit" give rise to such duplication or overlap of coverage then, notwithstanding the other insurance provision, if this coverage part and any other coverage part issued to you by us, or any company affiliated with us, apply to the same "professional incident", occurrence, offense, wrongful act, accident or loss, the maximum Limit of Insurance under all such coverage parts combined shall not exceed the highest applicable Limit of Insurance under any one coverage part.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

B. The following is added to item 1. of **EXCLUSIONS**.

This exclusion is meant to apply to deliberate or intentional acts or "**damages**" which the insured could reasonably expect to result in "**damages**".

C. The **DEFINITIONS** section is modified as follows:

5. "**Damages**" means a monetary:

- a. Judgement
- b. Award; or
- c. Settlement,

but does not include fines, sanctions, penalties, or the multiple portion of any damages.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - ABUSE AND MOLESTATION

This endorsement modifies insurance provided under the following:

PROFESSIONAL LIABILITY COVERAGE PART

The following exclusion is added to paragraph 2., Exclusions of SECTION 1 - COVERAGE:

This insurance does not apply to:

“Damages” arising out of:

- a. the actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, or
- b. the negligent:
 - (1) employment;
 - (2) investigation;
 - (3) supervision;
 - (4) reporting to the proper authorities, or failure to so report; or
 - (5) retention;of any person for whom any insured is or ever was legally responsible and whose conduct would be excluded by paragraph a. above.
- c. the negligent failure to provide professional services or neglect of the therapeutic needs of a client, patient or other person because of the conduct which would be excluded by paragraph a. above.

For purposes of this endorsement, abuse means an act which is committed with the intent to cause harm.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY..

BINDING ARBITRATION

Wherever, used in this endorsement: 1) "we", "us", "our", and "insurer" mean the insurance company which issued this policy; and 2) "you", "your", "named insured", "first named insured", and "insured" mean the Named Corporation, the Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "other insured(s)" means all other persons or entities afforded coverage under this policy.

This endorsement modifies coverage provided under the Coverage Part to which it is attached.

If we and the insured do not agree whether coverage is provided under this Coverage Part for a claim made against the insured, then either party may make a written demand for arbitration.

When this demand is made, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the third arbitrator equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding.

All other terms of the policy remain unchanged.

SEXUAL OR PHYSICAL ABUSE OR MOLESTATION VICARIOUS LIABILITY COVERAGE FORM OCCURRENCE

PLEASE READ THE ENTIRE FORM CAREFULLY.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine your rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under SECTION II - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V - DEFINITIONS.

SECTION I - COVERAGE SEXUAL OR PHYSICAL ABUSE OR MOLESTATION VICARIOUS LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured is legally obligated to pay as "damages" because of "bodily injury" to which this insurance applies, if the insured is alleged to be liable for another person's "abusive conduct", by reason of :
- (1) the negligent:
 - (a) employment;
 - (b) selection;
 - (c) investigation;
 - (d) supervision;
 - (e) reporting to the proper authorities, or failure to so report; or
 - (f) retention;
 - of any "employee", volunteer or any other person or persons for whom the insured is or ever was legally responsible; or
 - (2) the negligent:
 - (a) design;
 - (b) control;
 - (c) maintenance;

- (d) supervision;
- (e) inspection; or
- (f) investigation of prospective tenants; of your premises, premises in your control or premises you have leased to another; or

- (3) the negligent failure to provide professional services or neglect of the therapeutic needs of a client, patient or other person because of the "abusive conduct".

Subject to the above provisions, we have the right and duty to defend any "suit" seeking "damages" because of another person's "abusive conduct". However, we have no duty to defend the insured against any "suit" seeking "damages" to which this insurance does not apply. We may at our discretion, investigate any "abusive conduct" and settle any claim or "suit" that may result. But

- (a) The amount we will pay for "damages" as described in (Section III) LIMIT OF INSURANCE; and
- (b) Our right and duty to defend end when we have used up our applicable limit of insurance in the payment of "damages".

We will pay, with respect to any claim or "suit" we defend, any "defense costs" we incur. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for in ADDITIONAL POLICY BENEFITS.

- b. This insurance applies to "damages" because of "bodily injury" only if:
 - (1) The "bodily injury" is caused by "abusive conduct" that takes place in the "coverage territory";
 - (2) The "bodily injury" occurs during the policy period.

2. Exclusions

This insurance does not apply to:

- a. liability assumed by the insured under any contract or agreement;
 - b. any obligation for which an insured, or any insurance carrier of the insured, may be held liable under a workers compensation, disability benefits or unemployment compensation law or any similar law;
 - c. any claim arising out of matters which may be deemed uninsurable;
 - d. any claim made against an insured by another insured except a claim made by an insured who is an "employee", subject to exclusion (e.) below;
 - e. any claim made by or on behalf of your "employee" except in the limited instance where that "employee" is also your client and receiving services falling within the official scope of the services which you provide and the claim arises out of the provision of these services;
 - f. to criminal defense costs associated with a criminal trial including appeals;
 - g. to the molestation of any person by the named insured or family member of the named insured which predates the inception of this policy and continues into the policy period;
2. Each of the following is also an insured:
 - a. your directors, but only for liability arising from their duties as your directors;
 - b. your "employees", but only for liability arising within the scope of their employment duties for you;
 - c. your volunteers, but only for liability arising within the scope of their volunteer duties related to the conduct of your organization; and
 - d. students in training, but only for liability arising within the scope of their duties related to the conduct of your organization.

SECTION III - LIMIT OF INSURANCE

1. The limit of insurance shown in the Declarations and the rules below fix the most we will pay "damages" regardless of the number of:
 - a. Insureds;
 - b. claims made or "suits" brought; or
 - c. persons or organizations making claims or bringing "suits".
2. The limit of insurance shown in the Declarations for each "abusive conduct" is the most we will pay for all "damages" incurred as the result of any claim of "abusive conduct". Two or more claims for "damages" because of the same incident or interrelated incidents of "abusive conduct" shall be:
 - a. considered a single claim.; and
 - b. such claims, whenever made, shall be assigned to only one policy (whether issued by us or any other insurer) and if that is this policy, only one limit of insurance shall apply.
3. The aggregate limit shown in the Declaration is, subject to paragraph 2. of this Section, the total limit of our liability for all "damages" to which this insurance applies.

ADDITIONAL POLICY BENEFITS

EMPLOYEE INDEMNIFICATION DEFENSE COVERAGE

We will also pay on your behalf "defense costs" for an "employee" who is alleged to be directly involved in "abusive conduct" if you have entered into a written agreement with such "employee" where you agree to indemnify the "employee" for such "defense costs" provided the agreement includes a provision for repayment of defense costs in the event of an adverse judgment.

The most we will pay for any "employee" who is alleged to be directly involved in "abusive conduct" is \$25,000 regardless of the number of employees, claims or "suits" brought or persons or organizations making claims or bringing "suits."

SECTION II - WHO IS AN INSURED

1. You are an insured.

The limits of this Coverage Part apply separately to each consecutive annual period; and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations; unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the limit of insurance.

SECTION IV - SEXUAL OR PHYSICAL ABUSE OR MOLESTATION VICARIOUS LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In the Event of an Incident, Claim or Suit

- a. If a claim is made or "suit" is brought against any insured, you must see to it that we receive written notice of the claim or "suit" as soon as practicable, but no later than 60 days after the claim is made or "suit" is brought.
- b. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit" including the release of any personnel records of the person(s) allegedly involved in the abusive conduct; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "abusive conduct" to which this insurance may also apply.
- c. No insureds will, except at their own cost, and without recourse to this policy, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. to join us as a party or otherwise bring us into a "suit" asking for "damages" from an insured; or
- b. to sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover as a result of an "agreed settlement" or on a final judgment against an insured obtained after an actual trial, but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

If any insured has other insurance providing coverage similar to this policy, then this insurance shall be excess over and above that other insurance except where such insurance is specifically designated as excess to this policy.

When this insurance is excess, we will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision.

c. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limit of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, the insured agrees:

- a. the statements in the Declarations, and in the application for insurance are accurate and complete;
- b. those statements are based upon representations made by the insureds; and
- c. we have issued this policy in reliance upon those representations.

7. Transfer or Rights of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

8. Two Or More Coverage Parts Or Policies Issued By Us

It is our stated intention that the various coverage parts or policy issued to you by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim or "suit". We have exercised diligence to draft our coverage parts or policies to reflect this intention, but should the circumstances of any claim or "suit" give rise to such duplication or overlap of coverage then, notwithstanding the other insurance provision, if this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "abusive conduct" professional incident, occurrence, offense, wrongful act, accident or loss, the maximum limit of insurance under all such coverage parts or policies combined shall not exceed the highest applicable limit of insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella policy issued by us specifically to apply as excess insurance over this policy.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Agreed settlement" means a settlement and release of liability signed by the insured and the claimant or the claimant's legal representative and approved by us.
2. "Abusive conduct" means each, every and all actual, threatened or alleged acts of physical abuse, sexual abuse,

sexual molestation or sexual misconduct performed by one person or two or more people acting together. Each, every and all actual, threatened or alleged acts of physical abuse, sexual abuse, sexual molestation or sexual misconduct committed by, participated in by, directed by, instigated by or knowingly allowed to happen by one or more persons shall be considered to be one "abusive conduct" regardless of:

- a. the number of injured parties;
- b. the period of time over which the acts of physical abuse, sexual abuse, sexual molestation or sexual misconduct took place; and
- c. the number of such acts or encounters.

"Abusive conduct" consisting of or comprising more than one act of physical abuse, sexual abuse, sexual molestation or sexual misconduct shall be deemed to take place, for all purposes within the scope of this policy, at the time of the first such act or encounter.

3. "Bodily Injury" means bodily injury, sickness or disease including emotional distress or anguish including death resulting therefrom.
4. "Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
5. "Damages" means a monetary:
 - a. judgment;
 - b. award; or
 - c. settlement,

but does not include fines, sanctions, penalties, punitive or exemplary damages or the multiple portion of any damages.

6. "Defense Costs" - Costs to defend any claim or "suit" seeking "damages." These costs are outside the limit of insurance.
7. "Employee" includes a "leased worker" or a "temporary worker."
8. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business.
9. "Suit" means a civil proceeding in which "damages" are sought for "abusive conduct" to which this insurance applies are alleged. "Suit" also includes:
 - a. an arbitration proceeding in which such "damages" are claimed and to which you must submit or do submit with our consent; or
 - b. any other alternative dispute resolution proceeding in which such "damages" are claimed and to which you submit with our consent.
10. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EMPLOYEE DEFENSE COVERAGE

This endorsement modifies insurance provided under the following:

SEXUAL OR PHYSICAL ABUSE OR MOLESTATION VICARIOUS LIABILITY COVERAGE FORM
OCCURRENCE

SEXUAL OR PHYSICAL ABUSE OR MOLESTATION VICARIOUS LIABILITY COVERAGE FORM CLAIMS-
MADE COVERAGE

The section **EMPLOYEE INDEMNIFICATION DEFENSE COVERAGE** under **SECTION I – COVERAGE, ADDITIONAL POLICY BENEFITS** is deleted and replaced with the following:

EMPLOYEE DEFENSE COVERAGE

We will also pay on your behalf “defense costs” for an “employee” who is alleged to be directly involved in “abusive conduct” until such time as that individual is adjudicated to be a wrongdoer or enters a plea of no-contest.